

ANNUAL REPORT

FINANCIAL INSTITUTIONS BUREAU

Calendar Year

1987



Michigan Department of Commerce



Requests for copies of this publication should be directed to:

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LANSING, MICHIGAN

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ANNUAL REPORT
CALENDAR YEAR 1987

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GOVERNOR'S COMMENTS

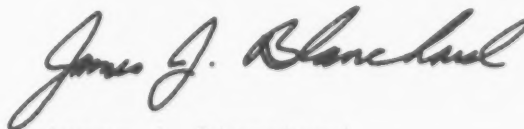
For many years Michigan's Financial Institutions Bureau has earned a well-deserved reputation for helping ensure the safety, soundness and accountability of Michigan's depository and non-depository financial institutions.

I am particularly pleased with the accomplishments of the Financial Institutions Bureau under the leadership of Commissioner Eugene W. Kuthy, whom I appointed in 1983. At a time when nationally the financial condition of many depository financial institutions is in doubt, the continued strong performance of Michigan's depository financial institutions is reassuring. In 1987, a year marked nationally by the largest number of bank failures since the 1930's, there were no failures of state-chartered banks in Michigan. This record speaks highly of the quality of performance of the Financial Institutions Bureau.

On the legislative front, 1987 was an active year in Michigan. Of particular importance was the enactment of legislation expanding the powers of banks and savings and loan associations one year after passage of a major modernization of the Credit Union Act. Certainly, enactment of the Mortgage Brokers, Lenders and Servicers Licensing Act bringing the non-depository first mortgage business under state regulation is a major victory for the citizens of Michigan. This landmark legislation which came in response to the Diamond Mortgage-AJ Obie Investment scam will help to protect the citizens of Michigan against further fraud and serious abuses. Finally, we are confident that legislation currently pending to allow statewide bank branching will be enacted in 1988.

The Financial Institutions Bureau has also strengthened its industry regulation and supervisory role by completing reciprocal working agreements with other Midwest state regulatory agencies and federal regulators. The regulatory component of the Financial Institutions Bureau's mission is even more critically important in this era of interstate activity and expansion of bank powers.

The following pages comprehensively spell out the breadth and vigor of Michigan's financial services industry and its regulatory framework. I offer appreciation to all of those inside state government, as well as those in the private sector, who have teamed up to produce the enviable strength of Michigan's financial community.



James J. Blanchard
Governor

COMMISSIONER'S COMMENTS

This is the ninety-ninth annual report of the Financial Institutions Bureau. I am pleased to report that Michigan's financial institutions are healthy and serving the needs of Michigan residents.

Depository Institutions

In 1987, there were no failures of any state-chartered banks or savings and loan associations; however, one state-chartered credit union was placed into conservatorship and another into receivership. St. Matthew's Credit Union, Grand Rapids, with assets of \$60 million at year end, is under the conservatorship of the National Credit Union Administration. AFD Credit Union, Madison Heights, with assets of \$4.2 million, was found to be operating in an unsafe and unsound condition and was declared insolvent and placed in receivership. No loss of depositors' funds has resulted because of these actions.

For all Michigan depository financial institutions, the Bureau is concerned about the question of excess liquidity and the safe investment of this liquidity. Our plans for next year call for emphasizing the responsibility that both board and management of financial institutions have in developing an effective strategy to deal with the issue of liquidity. In addition, we plan to more closely examine ways to promote the use of this liquidity in Michigan.

Our experience with problem institutions indicates that, where board and management fail to fully live up to their respective areas of responsibility, institutions will have problems. Healthy financial institutions are primarily the result

of the joint efforts of directors and management. The specific obligations inherent in serving as a director of a financial institution, and the manner in which these responsibilities are carried out, affect the economic well-being of the community. Perhaps the most important responsibility of a director is to understand his/her role as a director and what to expect from management. In this regard, I recommend two publications to all depository financial institution directors in Michigan. (They are as follows: "The Director's Book: The Role of a National Bank Director" which is available from the Communications Division, Office of the Comptroller of the Currency, Washington, D. C. 20219; and, "Pocket Guide for Directors: Guidelines for Financial Institutions Directors" which is available from the Office of Corporate Communications, Federal Deposit Insurance Corporation, 550 Seventeenth Street, N. W., Washington, D. C. 20429.)

Non-Depository Institutions

Michigan citizens, and particularly those in the greater Detroit area, were affected by the failure of the Grand Money Order Company when it was no longer able to honor money orders which it had issued. On July 31, 1987, the Bureau became the permanent receiver of this company and is marshalling its assets to secure payment for customers holding outstanding money orders.

In 1986, Michigan investors and borrowers sustained a loss of approximately \$47 million due to abuses by the Diamond Mortgage Company and its securities affiliate, A.J. Obie. In 1987, the Legislature unanimously passed a law which

requires certain first mortgage lenders, brokers and servicers to apply for a license or to register with the Bureau. The new law establishes a regulatory framework for the mortgage industry which will help to curb abuse.

As part of the Bureau's continuing efforts to streamline regulatory requirements, legislation drafted by the Bureau was introduced to create a new type of licensed financial institution which could offer a variety of financial services that currently require separate licenses and are regulated by specific acts. These acts are the Regulatory Loan Act of 1963, the Credit Card Act, the Motor Vehicle Sales Finance Act, the Sale of Checks Act, the Secondary Mortgage Act, and the Mortgage Brokers, Lenders and Servicers Licensing Act. The new type of licensed financial institution was recommended by the Omnibus Licensing Advisory Committee, a broad-based committee I appointed in 1985. We regard this approach as a response to the heightened concerns about the availability and affordability of basic financial services to residents of older urban neighborhoods in the wake of the deregulation of deposit interest rate ceilings.

Consumer Protection

This year we expanded our activities in the consumer services area. The Bureau's Community Investment Advisory Committee was the catalyst for holding a unique conference which attempted to address the problem of housing for Michigan residents. Entitled "Housing and Economic Development: Lender to Lender," the one-day conference featured innovative home loan programs in low income areas for lenders who had not previously made these types of loans. Response to the conference was very positive and also provided an opportunity for community groups

and lenders to exchange valuable information.

In 1987 we also started production of a cable television program entitled "Common Cents" to promote consumer education in financial services. Using Bureau staff, we produced five half-hour programs dealing with a variety of consumer topics. These topics included credit cards and credit card abuse, home equity loans and checking accounts (two programs). Presently, "Common Cents" is shown on the public access channel of a Lansing-area cable company; however, our plans call for offering it to more stations in the state.

"Financial Dispatch," the Bureau's newsletter, resumed publication in 1987. It contains information on proposed legislation, current laws, promulgated rules, and other Bureau programs and activities. "Financial Dispatch" is mailed to financial institutions, trade associations and other government agencies.

Economic Development

On the economic development front, we're excited about being part of the Detroit Regional Financial Center Task Force, a group formed by the Detroit Economic Growth Corporation to explore the feasibility of Detroit as a major regional financial center. The Task Force is studying a wide range of proposals which could help to enhance Detroit's role as a financial center. Some of the developments considered by the Task Force include the impact of Michigan's nationwide interstate banking provisions, which become effective in October, 1988, and the historic stability of Michigan's depository financial institutions. One of Detroit's most attractive features is its location as headquarters for the financial services subsidiaries of the "Big Three" automobile manufacturing

companies, who are major employers in the Detroit area. The Task Force is analyzing incentives to induce the subsidiaries to centralize their bases of operation in Detroit. Another favorable aspect for Detroit's prospects as a financial center is the movement of foreign banks into the state. Since 1984, when Michigan's banking statute was amended to provide for the establishment of agency offices of foreign banks, three foreign banks have elected to open operations in Michigan. They are Lloyds Bank, Plc in Detroit; The Chicago-Tokyo Bank in Detroit; and the Mitsui Bank, Ltd. in Southfield.

Michigan is only the second state in the nation to enact legislation which permits the formation of Business and Industrial Development Companies (BIDCOs), a new type of financial institution. BIDCOs are structured to help fill the gap between financing by banks of low-risk, low-return projects and financing by venture capitalists of high-risk, high-return ventures. In 1987, the Bureau licensed Michigan's first BIDCO and more applications are expected in 1988.

Interstate Banking

An integral part of our country's dual banking system is the cooperation between state and federal regulatory agencies. The Bureau had established cooperative working relationships with federal regulatory agencies before the start of interstate banking and we will continue our efforts to strengthen these relationships in the future. Joint coordinated examinations and the exchange of information between state and federal regulators will become even more important as October 10, 1988---the trigger date for nationwide interstate banking---approaches. On that date, bank holding companies from any state

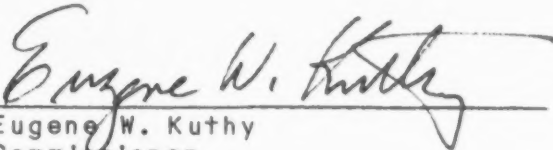
which has a reciprocal agreement with Michigan will be able to acquire banks in Michigan. As a result, we expect to see substantially more incoming interstate acquisitions than we have since our interstate law went into effect in 1985.

Meanwhile, interstate activity in Michigan continued at a steady pace during the year. During 1987, five Michigan bank holding companies acquired 25 banks in Illinois, with total year-end deposits of \$4.2 billion. In 1987, three bank holding companies headquartered in Ohio acquired eight banks in Michigan, with year-end deposits of \$1.2 billion.

Concluding Remarks

I must take a minute to commend my staff at the FIB. Throughout much of 1987, while I served as President of the Conference of State Bank Supervisors (CSBS), they were supportive in helping me fulfill the obligations of my post. My tenure in this position will end in April, but it has been an exciting year of growth for this national organization of state bank supervisors and state-chartered banks. Through the concerted efforts of banking department supervisors and the CSBS Advisory Council (composed of bankers), the organization's budget was healthy at year end. There is a new sense of partnership between supervisors and member banks resulting from a year of opposing federal legislation which threatened to encroach on state banking authority. Next year, CSBS will produce the first report on the State of the State Banking System. This report will be presented to Congress in conjunction with reports of federal regulatory bodies, thus providing a complete picture of the dual banking system in the United States.

I look forward to 1988 with enthusiasm. My staff and I believe that, as a result of careful planning and Implementation, the changes in the financial services industry will accrue to the benefit of Michigan citizens.


Eugene W. Kuthy
Commissioner

FINANCIAL INSTITUTIONS BUREAU

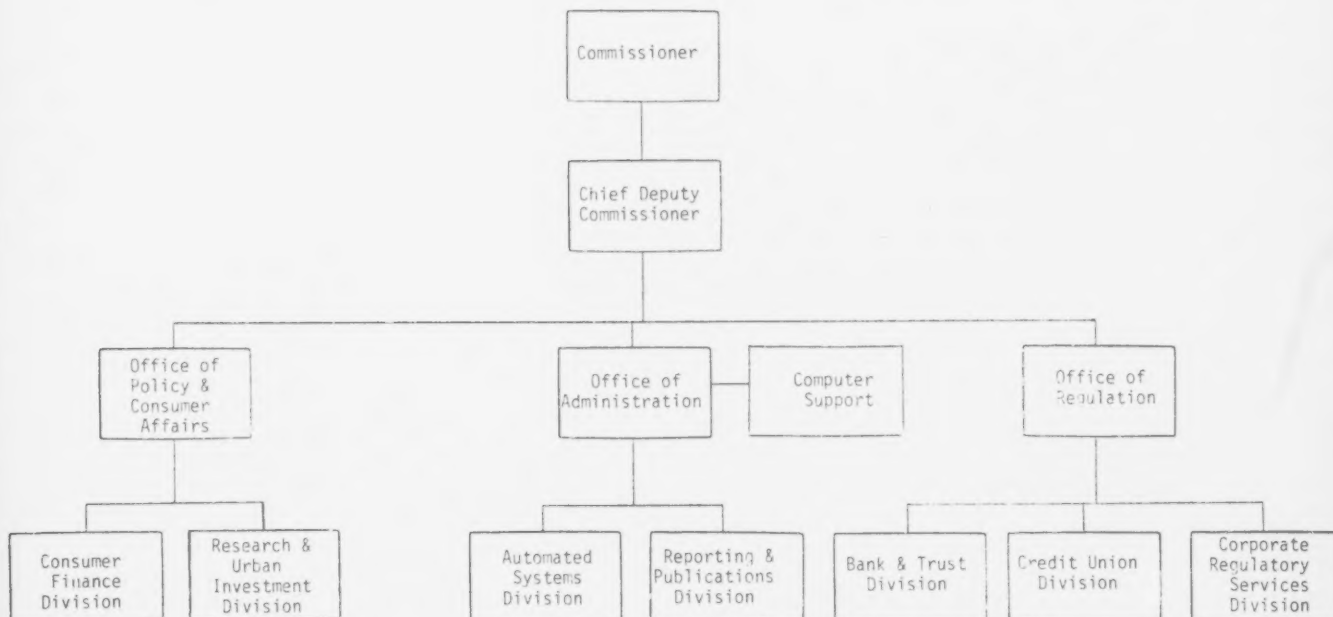
The Financial Institutions Bureau of the Michigan Department of Commerce was created under Section 11 of the Michigan Banking Code of 1969 and is responsible for the chartering, regulation, examination and supervision of state-chartered banks, credit unions and savings and loan associations. The Bureau also licenses and supervises the activities of regulatory loan companies, motor vehicle installment sellers, sales finance companies, first mortgage lenders, secondary mortgage lenders, sellers of money orders, credit card issuers and BIDCO's (Business and Industrial Development Corporations); administers and enforces Michigan's mortgage anti-redlining law; monitors electronic fund transfer activities

and conducts various consumer complaint and information programs.

Organization

The overall administration of Bureau activities is the responsibility of the Commissioner of the Financial Institutions Bureau. The Commissioner is appointed by the Governor with the approval of the Senate and serves at the pleasure of the Governor under the provisions of the Michigan Banking Code. The Commissioner is assisted in the administration of the Bureau by a Chief Deputy Commissioner, Deputy Commissioners of the Office of Regulation and Office of Policy and Consumer Affairs, and the Director of the Office of Administration.

ORGANIZATIONAL CHART



Mission and Goals

The primary mission of the Financial Institutions Bureau is to maintain public confidence in Michigan's financial institutions. To fulfill this mission, the Bureau has three major goals:

1. To ensure that safe and sound financial practices, which minimize the risk of insolvency, are being exercised.
2. To ensure that financial services are available to meet public (consumer and business) demand and that consumer/depositor protections are adequate.
3. To maximize the capacity of Michigan's financial intermediary system to foster efficient and effective use of Michigan's capital resources.

The Bureau achieves these goals by:

- Examining and supervising financial institutions;

- Developing a highly efficient and effective staff; and
- Developing and maintaining open lines of communication with consumers, financial industries, governmental agencies and others.

Bureau Revenue and Expense

The Bureau is 83% funded from restricted bank and credit union fees. The remaining spending authorization was funded with general purpose state funds. We will continue to pursue legislation that would generate and restrict fees to fund consumer protection regulation.

Total revenue in fiscal year (FY) 87 increased by 12% to \$6,092,000. Bureau expenditures increased 12% in FY 87 to \$6,708,000. The ratio of revenue to expenses in FY 87 was 91%.

BUREAU REVENUE AND EXPENSE

(Dollars in Thousands)

Program	FY 1983		FY 1984		FY 1985		FY 1986		FY 1987	
	Revenue	Expense	Revenue	Expense	Revenue	Expense	Revenue	Expense	Revenue	Expense
Bank and Trust	\$2,334	\$2,563	\$2,752	\$2,898	\$2,996	\$3,251	\$3,408	\$3,472	\$4,169	\$3,906
Credit Union	998	1,294	1,410	1,467	1,656	1,601	1,808	1,703	1,718	1,961
Corp. Reg. Services*	53	225	51	263	41	218	30	276	22	384
Consumer Finance	171	315	162	275	161	257	187	336	183	275
Mortgage Anti-Redlining	—0	—186	—0	—160	—0	—194	—0	—192	—0	—182
TOTALS	\$3,556	\$4,583	\$4,375	\$5,063	\$4,854	\$5,521	\$5,433	\$5,979	\$6,092	\$6,708

* Includes Savings and Loan Regulation, which merged into Corporate Regulatory Services in 1987.

Regulatory Responsibilities

At year-end 1987 the Bureau was responsible for the regulation,

examination and supervision of 735 financial institutions with assets in excess of \$46 billion.

STATE-REGULATED FINANCIAL INSTITUTIONS
(Dollars in Billions)

	Banks		Credit Unions		Savings & Loans		Regulatory Loan Licensees		Totals	
	1986	1987	1986	1987	1986	1987	1986	1987	1986	1987
Main Offices	238	219	465	446	9	6	70	64	782	735
Branch Offices	1,162	1,133	---	---	23	13	---	---	1,185	1,146
Total Assets	\$37.2	\$38.1	\$6.6	\$7.1	\$.72	\$.62	\$.4	\$.4	\$44.92	\$46.22
Total Loans	\$20.6	\$21.5	\$3.0	\$3.4	\$.58	\$.52	\$.1	\$.1	\$24.28	\$25.52
Total Deposits	\$32.4	\$32.1	\$6.1	\$6.6	\$.6	\$.5	---	---	\$ 39.1	\$ 39.2

It is primarily through the examination and supervision process and the regulation of corporate activities that the Bureau determines if Michigan's state-regulated financial institutions are complying with applicable law and exercising sound financial practices. The Bureau continues to play a more active role in evaluating management, boards of directors, their policies and programs and to pursue steps to ensure that each institution's board of directors and management recognize their responsibility for the safe and sound operation of the financial institution.

During an examination, Bureau examiners evaluate an institution's management, quality of assets, capital adequacy, earnings and liquidity. If an examination reveals a situation which may constitute a potential threat to the safety and soundness or the solvency of the institution, appropriate supervisory action is initiated. Such action may include board meetings, memoranda of understanding, cease and desist orders, officer and director removals

and an extensive program of follow-up visitations of problem institutions. In addition to examinations, the Bureau conducts on-premise evaluations of data processing centers serving financial institutions. The purpose of these evaluations is to bring to the attention of financial institutions areas in data processing operations which could lead to inaccurate, interrupted or discontinued processing.

Outlook for the Future

One of the main objectives of the Bureau is to help foster economic growth in Michigan. Financial institutions traditionally have played a vital role in promoting economic development and expansion in our state and will continue to do so in the future. The Bureau is strongly committed to researching and developing new programs which are responsive to public need, encourage innovation and competition within the industry, and assist in Michigan's economic revitalization.

SIGNIFICANT DEVELOPMENTS

Bank Structure Developments

As in 1986, an important court decision heads the list of developments potentially affecting bank market structure in several states including Michigan. On June 22, 1987, the U.S. Supreme Court let stand a Fifth Circuit U.S. Court of Appeals decision holding that national banks in Mississippi can branch to the same extent as thrift institutions can branch in the state (Department of Banking and Consumer Finance of Mississippi v. Clarke) Case No. 85-4722, CA, 2-9-87). In the case, the Comptroller of the Currency approved an application by Deposit Guaranty National Bank, Jackson, Mississippi, to establish a branch office at a location that is more than 100 miles from Jackson even though state-chartered banks in Mississippi are subject to a 100-mile geographic branching limit. The Fifth Circuit U.S. Court of Appeals ruling had overturned a 1985 federal district court decision against the Comptroller.

The Comptroller's decision was based on an interpretation of the McFadden Act which provides that a national bank may, with the approval of the Comptroller, ".... establish and operate new branches at any point within the state in which said association is situated, if such establishment and operation are at the time authorized to State banks by the statute law of the State in question by language specifically granting such authority affirmatively and subject to the restrictions as to location imposed by the law of the State on State banks." The McFadden Act defines "state bank" to include "....trust companies, savings banks, or other such corporations or institutions carrying on the banking business under the authority of state

laws." That many thrift institutions offer banking services weighed heavily in the Comptroller's determination that a state thrift institution is a "state bank" for purposes of federal branching law. It follows that since state-chartered thrifts in Mississippi can branch statewide, so may national banks.

In the wake of the action of the U.S. Supreme Court, on October 8, 1987, Michigan National Bank, Farmington Hills filed an application with the Comptroller to establish a de novo branch in Birmingham, a location which would be off limits to the establishment of a branch were the applicant a state-chartered bank. On November 5, 1987, the Bureau sent a letter to the regional office of the Comptroller in opposition to the application. The basis for the Bureau's position urging denial of the application was that the application would violate state and federal law, result in competitive inequality for Michigan's state-chartered banks, subvert the longstanding "competitive equality" concept embodied in the national banking act by Congress and deny to the state of Michigan the power which it has been entrusted to make policy on the subject of branch banking. The Bureau argued that the history of federal legislation on branch banking makes unequivocally clear that Congress intended, with respect to the location of branches, that a national bank should have no greater rights than it would if it were a state bank, and that a national bank be permitted to establish and operate a branch in a state only if, by express provision of a state statute, a state bank could establish and operate a branch. In this respect, the purpose of 12 USC 536(C) was to place national and state banks on a basis of "competitive equality"

Insofar as branch banking is concerned.

During 1987, no additional state enacted interstate banking legislation leaving the number of states with such laws at 44. In the midwest, Illinois' interstate banking law was amended to provide for a December 1, 1990 nationwide trigger. In Michigan, the pace of interstate banking activity quickened. During the year, out-of-state bank holding companies received the necessary approvals to acquire six Michigan

banking organizations, accounting for eight banks (See Table 1 below). Michigan-based bank holding companies meanwhile acquired seven out-of-state banking organizations, accounting for 25 banks. At year end, out-of-state banking organizations had acquired 12 Michigan banks and Michigan bank holding companies had acquired 35 out-of-state banks (25 acquired in 1987 and 10 acquired in 1986). For more information, see tables in the Corporate Regulatory Services Division.

Table 1. Out-of-State Bank Holding Companies Which Acquired Michigan Banking Organizations - 1987

<u>Applicant</u>	<u>Organization Acquired</u>	<u>Total Assets 12/31/87 (000,000)</u>	<u>Effective Date</u>
Banc One Corporation Columbus	Spartan Bancorp, Inc. East Lansing State Bank	\$165	01/02/87
Banc One Corporation Columbus	First National Bank of Fenton	\$80	02/27/87
Huntington Bancshares, Inc. Columbus, Ohio	United Midwest Ban- corporation, Troy Liberty State Bank & Trust, Hamtramck Liberty Bank-Oakland, Troy	\$293 \$78	11/30/87
Trustcorp, Inc. Toledo, Ohio	Commercial Bankshares Corporation, Adrian Commercial Savings Bank, Adrian Jipson-Carter State Bank, Blissfield Citizens Trust Corp., Ann Arbor Citizens Trust, Ann Arbor Ypsilanti Savings Bank	\$143 \$31 \$316 \$135	03/31/87 09/30/87 12/31/87

Michigan Farm Disaster Relief Program

As readers of the 1986 Annual Report may recall, House Bill 4850 was signed into law (P.A. 242) on December 3, 1986 to implement the Michigan Farm Disaster Relief Program. P.A. 242 authorized an additional \$200 million to the Michigan Farm Loan Program following the \$139 million in low-interest loans to farmers that was made available in 1985. Under the programs, loans outstanding to

qualifying farmers peaked at nearly \$311 million.

Home Equity Lending

It appears that nationally, financial institutions and consumers alike, are finding home equity financing attractive. Although this financing option has been available for several years, the Tax Reform Act of 1986 created a stronger inducement for consumers to tap the equity in their homes and for lenders to meet the

expected increase in demand for home equity financing. If the marketing efforts of lenders are indicative, then one might conclude that the market for home equity financing will be immense. After all, not only are traditional lenders such as banks, savings and loan associations, mutual savings banks, and credit unions targeting this market but consumer finance companies, captive auto finance subsidiaries, broker-dealers (through their financial subsidiaries), mortgage companies, and retailers (through their financial subsidiaries) are making competitive inroads as well. To date, many lenders have aggressively targeted this potential market which, in Michigan, with its above-average percentage of income tax itemizers and high rate of homeownership, remains relatively untapped.

One recent survey revealed that, in 1986 banks nationally made a total of \$75 billion in home equity loans, of which more than one-third were tied to a revolving line of credit. As in all similar cases in which financial institutions eagerly pursue customers, the Bureau believes that each lender should adhere to sound credit-granting standards.

Detroit as a Regional Financial Center

The Detroit Regional Financial Center Task Force, formed by the Detroit Economic Growth Corporation, has brought together business, labor and government leaders to explore the feasibility of developing a major, regional financial center in Detroit.

The Task Force is studying several proposals in the context of some key developments including the impact of Michigan's nationwide interstate banking provisions which become effective on October 10, 1988 and the historic stability of Michigan's depository financial institutions. One of Detroit's positive attributes

is its location as headquarters for the financial service subsidiaries of the "Big Three" automobile manufacturing companies. The Task Force is analyzing various incentives to induce the subsidiaries to centralize their bases of operation in Detroit. A second factor which may be conducive for Detroit's emergence as a financial center is the entry of foreign banks into the state. Since 1984, when the Banking Code of 1969 was amended to permit the establishment of agency offices of foreign banks, three foreign banks, Lloyd's Bank, Plc in Detroit, The Chicago-Tokyo Bank in Detroit, and the Mitsui Bank, Ltd. in Southfield, have opened operations in Michigan.

During most of 1987, the Task Force engaged in an in-depth situational analysis of the legal, economic and political factors which will affect any such development. Upon completion of the study phase, the Task Force is expected to provide final recommendations on the proposal including strategies for implementation of a course of action. It is anticipated that these recommendations will be available in mid-1988.

FIB Efforts in Economic Development

As was reported last year, the Bureau has been directly involved in implementing the 1986 Michigan BIDCO Act as part of its continuing effort to assist in Michigan's economic development. BIDCO's, or Business and Industrial Development Corporations, are a new type of private financial institution authorized to provide financing and management assistance to businesses, including start up and emerging growth companies. It is hoped that BIDCO's will play an important role in the revitalization and diversification of the state's economy. The new law authorizes

BIDCO's to make SBA-guaranteed loans, collateralized or unsecured loans, equity investments in companies, and loans with equity features. BIDCO's may also provide management assistance to help ensure the success of the companies in which they invest. BIDCO's are intended to fill a financing gap that exists between the low-risk, low-return financing traditionally offered by banks, and the high-risk, high-return investments made by venture capital concerns.

During 1987, the Bureau licensed the first Michigan BIDCO, the Arcadia BIDCO Corporation of Kalamazoo, Michigan. In addition, two other applicants have been given preliminary license approval. Preliminary approval is given to BIDCO applicants to provide a reasonable assurance of final license approval prior to full commitments of the required capitalization or establishment of a full complement of directors.

The Bureau anticipates continued activity in this area as a result of the efforts of the Michigan Strategic Fund to provide seed capital for newly formed BIDCO's. Under this program, the Strategic Fund will provide no more than one dollar of equity investment for every two dollars of private investment, up to a maximum of \$2 million per BIDCO. The Fund also is involved in a pilot program to capitalize minority-owned and -controlled BIDCO's with funds specifically targeted to the creation of jobs and economic activity in minority-owned companies and companies located in depressed communities.

Legislative Developments -- State

Senate Bill No. 18 (P.A. 1)

Public Act No. 1 of 1987 amended the Business Corporation Act to allow the articles of incorporation of a

Michigan corporation to limit the personal liability of a director for a breach of the director's fiduciary duty. It also broadened the authority of corporations to indemnify directors, officers, employees and agents of the corporation against claims and lawsuits.

Under previous law, company directors and officers may have been held personally liable for their decisions by shareholders, employees and others. Difficulty in attracting and retaining qualified persons to serve as directors and officers combined with increased cost and limited availability of liability insurance might have caused some companies to consider re-incorporating outside of Michigan.

Senate Bill No. 81 (P.A. 27)

In December of 1986, Governor Blanchard signed into law Public Act No. 242 to implement the Michigan Farm Disaster Relief Program. This program made available over \$200 million through Michigan banks and production credit associations to assist Michigan farmers who were experiencing financial stress due to existing or projected debt obligations or because of a production crop loss or other major enterprise loss.

On May 11, 1987, Governor Blanchard signed Senate Bill No. 81 (P.A. 27), which made available an additional \$10 million for use under the program. In addition, the loan program was expanded to allow certain agriculturally related businesses to qualify for loans through June 30, 1987. See the 1986 Annual Report of the Financial Institutions Bureau for a description of these programs.

House Bill No. 4038 (P.A. 33)

Public Act No. 33 of 1987 amends the definitions of "retail installment contract" and "retail installment

transaction" in the Retail Installment Sales Act. The amendments specifically exclude transactions authorized under the Rental-Purchase Agreement Act from these definitions. The changes will eliminate confusion over possible conflicts between these two acts in the regulation of rental-purchase agreements.

Senate Bill No. 226 (P.A. 50)

Public Act No. 50 of 1987 amended section 6013 of the Revised Judicature Act which governs the amount of interest allowed on a money judgment recovered in a civil action. If a judgment is rendered on a written instrument in a complaint filed on or after January 1, 1987, interest is calculated from the date of filing the complaint to the date of satisfaction of the judgment at the rate of 12% per year compounded annually, unless the instrument has a higher rate of interest. In that case, interest is calculated at the rate specified in the instrument if the rate was legal at the time the instrument was executed. In any case, the rate shall not exceed 13% per year compounded annually after the date the judgment is entered.

For a complaint filed on or after January 1, 1987, involving a judgment on other than a written instrument, interest is calculated at 6-month intervals from the date of filing the complaint at a rate of interest equal to 1% plus the average interest rate paid at auctions of 5-year United States treasury notes during the six months immediately preceding July 1 and January 1, as certified by the state treasurer, and compounded annually.

Senate Bill No. 255 (P.A. 104)

Public Act No. 104 of 1987 amended the Michigan Banking Code of 1969 to authorize additional powers for state-chartered banks, permit reciprocal conversion authority with

state-chartered savings and loan associations and implement an annual supervisory fee structure.

Banks' new powers include the ability to invest up to 5% of assets in service corporations engaged in activities determined by the Commissioner to be incidental to the business of banking, which further or facilitate the corporate purposes of a bank, or which furnish services to a bank or subsidiaries of a bank. The act empowers the Commissioner to examine these service corporations periodically. Banks are also authorized to invest in securities, corporations and partnerships authorized by Title IX of the Housing and Urban Development Act of 1968 and to invest in financial options to hedge a bank's interest rate risk.

State-chartered banks are now authorized to provide numerous services when performed primarily for financial institutions. These services include providing life, health, and casualty insurance for officers and employees of financial institutions; operating bonus plans and retirement benefit plans for those officers and directors; originating and servicing mortgage loans and land contracts on behalf of financial institutions, corporations, and state or federal agencies or instrumentalities as well as for their own account; acting as an escrow agent or depository for other escrow agents or fiduciaries for the holding of money as custodian or in trust for others; providing credit analysis, appraisals, construction loan inspections, abstracting services, surveys, research and other studies; developing and operating storage facilities for microfilm or other duplicate records; providing advertising, brokerage, and other services to procure and retain both deposits and loans, performing liquidity management, investment, advisory and consulting services; purchasing office supplies, furniture

and equipment; and establishing, owning, leasing, operating and maintaining electronic funds transfer terminals.

Other newly authorized services, which need not be performed primarily for financial institutions, include preparing local, state and federal tax returns for individuals or organizations that are not corporations operated for profit; providing data processing services; and performing other activities as the Commissioner, by rule, determines appropriate.

Banks may invest in shares or certificates of certain open-end management investment companies and in stock, bonds, or other obligations of any business and industrial development corporation (BIDCO) licensed and supervised by this state. Banks may also invest up to 10% of their total assets in the purchase and development of real estate for sale or for the improvement of the real estate by the construction of residential or commercial units for sale or rental purposes. They may provide brokerage services for the offer, sale, or purchase of securities or commodity contracts; acquire and hold personal property not in excess of 20% of total capital and surplus for the purpose of leasing; and contract with state or federal savings and loan associations or state or federal savings banks to carry on trust services for those entities.

Other changes to the act permit conversion of a bank to a savings and loan association, conversion of a savings and loan association to a bank, and consolidation of banks with savings and loan associations. Finally, the annual examination fee was replaced with an annual supervisory fee which provides for a credit on the supervisory fee of not less than 30% nor more than 70% for the next succeeding annual fee if a bank is not examined during the

calendar year. The act took effect July 7, 1987.

Senate Bill No. 258 (P.A. 106)

Public Act No. 106 of 1987 amends the Savings and Loan Act of 1980 by providing interstate merger powers, authorizing securities brokerage activities and expanding the lending, investment and leasing authority of state-chartered savings and loan associations.

Specifically, the legislation allows state-chartered savings and loan associations and savings banks to merge with, or acquire, savings and loan associations and savings banks located in other states that have reciprocal legislation and allows out-of-state associations to merge with or acquire savings and loan associations and savings banks in Michigan. The act was also amended to allow savings and loan associations to merge with or into savings banks or commercial banks, to sell their assets or purchase the assets and assume the liabilities of one or more savings banks or commercial banks. Conversions from stock associations to commercial banks are authorized, as are conversions of banks to stock associations. In addition, temporary or "phantom" associations were authorized to facilitate the consolidation of an association under a holding company structure.

New powers include the ability to provide brokerage services for the offer, sale, or purchase of securities or commodity contracts; to acquire personal property for the purpose of leasing the property; to invest in financial options as a hedge against interest rate risk; to perform various services including credit analysis, appraisals, construction loan inspections, abstracting, research studies and surveys; to develop and operate storage facilities for microfilm or other duplicate records; to provide

advertising, brokerage and other services to procure and retain both savings accounts and loans; to provide illiquidity management, investment, advisory and consulting services; and to provide services for purchasing office supplies, furniture and equipment. Associations may also establish, own, lease, operate and maintain remote service units; provide data processing services; prepare local, state and federal tax returns for individuals or organizations that are not corporations operated for profit; and engage in other activities that the Commissioner determines by rule to be appropriate.

The maximum investment in a service corporation was increased to 5% of total assets or a greater amount if approved by the Commissioner. Direct investment in real estate for sale or rental purposes was expanded to include commercial properties and non-real estate lending authority was expanded to include loans for any purpose with the limit on the total of such loans increased from 25% to 40% of the association's total assets. In addition, the limit on loans made to one borrower was expanded from 50% of the net worth of the association, to 1% of the total assets of the association or \$250,000.00, whichever is greater, excluding certain guaranteed loans and lease transactions.

Other newly authorized categories for investment include stocks, bonds or other obligations of any business and industrial development corporation licensed and supervised by this state; small business investment companies formed pursuant to section 301(d) of the Small Business Investment Company Act of 1958; finance subsidiaries wholly owned by 1 or more associations whose sole purpose is to issue debt or equity securities of the type that the association is authorized to issue directly; any class of voting securities of a bank organized and

chartered pursuant to section 54 of the Banking Code of 1969; and, subject to specific limitations, direct venture capital investments or investments in equity securities of a professional investor a majority of whose assets consist of venture capital investments.

Under these amendments, the Commissioner of the Financial Institutions Bureau was provided with broader enforcement powers in the areas of cease and desist authority, the examination of service corporations and subsidiaries, the ability to establish net worth and reserve levels on a case-by-case basis, and the ability to share examination results with other regulators to avoid duplicative efforts. Examination fees assessed on any newly formed associations will be based on asset size, similar to the fees paid by state banks and all fees collected will be earmarked for the enforcement of the Act.

Requirements that savings account contracts be approved by the Commissioner are dropped, as are requirements that an association notify the Commissioner whenever it changes its hours of operation or temporarily closes its offices. Associations may now close their books on other than a calendar year basis and change their established hours of operation without formal action by their board of directors. Finally, the term "savings bank" is incorporated into the act to allow the formation of an association under a savings bank charter and name while retaining all the powers and responsibilities of a savings and loan association.

Senate Bill No. 199 (P.A. 171)

Public Act No. 171 of 1987 amended the Credit Card Act by eliminating the provision which required that 1/12 or more of the principal balance outstanding under a credit card arrangement be repaid each month.

This amendment gives licensees under the Credit Card Act parity with banks and savings and loan associations in establishing minimum payment requirements.

House Bill No. 4701 (P.A. 173)

The Mortgage Brokers, Lenders and Servicers Licensing Act, Act No. 173 of the Public Acts of 1987, regulates the activities of brokers, lenders and servicers of first lien mortgage loans and land contracts. The act applies only to those loans which are secured by real property that is located in Michigan and designed for occupancy by one-to-four families. This legislation was enacted in response to abuses by certain mortgage lenders and sellers of mortgage loans as investment securities.

Prior to the act, the activities of many nondepository mortgage brokers, lenders and servicers were unregulated. Under the new law, first lien mortgage lenders, brokers and servicers are now required to register or to be licensed and they are subject to periodic examinations or investigation by the Bureau in response to consumer complaints.

Certain classifications of brokers, lenders and servicers are exempt from the act. The act also treats certain classifications of brokers, lenders and servicers, which are otherwise regulated, with a registration requirement in lieu of full licensure. The registration requirements involve the filing of basic identifying information with the Bureau and the payment of an annual \$300.00 registration fee. Registrants under the act are not subject to periodic examination of their books and records by the Financial Institutions Bureau.

All mortgage brokers, lenders and servicers who are not specifically exempt from the act or who are not eligible to register will be required

to be fully licensed. Licensing entails an investigation of the applicant, including its officers, directors, major shareholders, partners and affiliates; the verification of minimum net worth; and proof of financial responsibility.

The act prohibits the transfer or assignment of a mortgage loan or mortgage-backed security prior to disbursement of at least 75% of the loan proceeds to the borrower. In addition, a licensee or registrant may not sell a mortgage loan or mortgage-backed security to an individual investor unless the sale is made through a qualified broker-dealer pursuant to the act, is made to a qualifying "sophisticated investor" pursuant to the act, or neither the seller nor purchaser maintains its principal place of business or residence in Michigan. The act establishes record retention requirements for all licensees and registrants and requires annual financial statements and reports of operations from all licensees. Further, mortgage servicers must provide each borrower with an annual statement of their loan account and provide a ledger history of the account within 25 days of a written request from the borrower.

Finally, the act empowers the Commissioner to regulate licensees and registrants through the promulgation of rules, investigation of consumer complaints and the annual examination of licensees. Other powers include the authority to enjoin persons from engaging in violations of the act; to issue cease and desist orders; to revoke or suspend a license or registration; to require that restitution be made; to assess civil fines, to censure a licensee or registrant and to appoint a conservator. In the conduct of an examination or investigation the Commissioner may subpoena any person; administer oaths; interrogate witnesses; have access to the

appropriate records; and use Independent Investigators to conduct part or all of an investigation or examination.

Readers who desire more information about exemptions, registration or licensure may request a copy of questions and answers about the Mortgage Brokers, Lenders and Servicers Licensing Act by telephoning (517) 373-3470.

House Bill No. 4727 (P.A. 186)

Public Act 186 amends the Michigan Usury Act to permit a regulated depository financial institution which makes mortgage loans with biweekly payments to require, as a condition of the making of such a mortgage loan, that a borrower maintain an interest bearing account with an insured depository institution for the purpose of making biweekly payments by automatic withdrawals from the account. The Usury Act otherwise prohibits a lender from requiring, as a condition of the making of a first lien mortgage, that a deposit be maintained by the borrower other than an escrow account or a pledged deposit established in connection with making a mortgage.

House Bill No. 4728 (P.A. 194)

A recent modernization of the Credit Union Act authorized foreign credit unions to operate in Michigan subject to approval and ongoing regulation by the Financial Institutions Bureau. The member shares or deposits of these credit unions represent an ownership interest in the foreign credit union which would be subject to the securities registration requirements of the Uniform Securities Act. Public Act No. 194 of 1987 provides foreign credit unions with the same exemption from the securities registration requirement that is extended to other foreign or domestic, federally or state-chartered banks or savings and

loan associations and state-chartered credit unions.

Senate Bill No. 383 (P.A. 205)

Public Act No. 205 of 1987 amends Section 14 of the Michigan Credit Union Act and extends to December 31, 1991 the sunset date on the 16.5% interest rate limit on motor vehicle loans. Had the limit expired on December 31, 1987, the maximum rate would have dropped to 15% per annum, the general interest rate limit for loans made by state-chartered credit unions.

Senate Bill No. 34 (P.A. 276)

Public Act No. 276 of 1987 amends the Penal Code by making persons who commit certain acts involving a financial transaction device (defined as an electronic funds transfer card, credit card, debit card, point-of-sale card, or other means of access) guilty of a felony or misdemeanor. Previously, the Penal Code only covered certain illegal acts involving the use of a credit card and did not extend to similar illegal acts involving the use of other financial transaction devices.

Legislative Developments -- Federal

The Competitive Equality Banking Act of 1987, Public Law 100-86, was signed into law by President Reagan on August 10, 1987.

Title I of the Act closes the "nonbank bank loophole" for FDIC-insured institutions while grandfathering in approximately 160 existing "nonbank banks", subject to certain growth and activity restrictions. It expands allowable nonbanking activities of state-chartered, FDIC-insured savings banks that are controlled by a savings bank holding company, and imposes new restrictions on the range of permissible transactions between federal reserve member banks and

affiliated companies. Title I also imposes Bank Holding Company Act requirements on certain corporations which acquire Edge Act or Agreement corporations after March 5, 1987, temporarily closes the non-thrift thrift loophole and tightens the nonbanking activity restrictions for unitary savings and loan association holding companies. This section contains provisions affecting FDIC-insured institutions in the areas of interstate acquisitions and securities affiliations, and authorizes the establishment of holding companies for FSLIC- and FDIC-insured mutual thrift institutions. Finally, Title I expands the lease financing authority of national banks on a net lease basis up to 10 percent of the bank's assets.

Title II prohibited any federal banking agency from authorizing certain securities, insurance and real estate activities until March 1, 1988. The moratorium extended to any rule, regulation, or order that would have acted to increase the insurance or real estate power of banks, bank holding companies, foreign banks and other entities. The title includes various restrictions on the operations of foreign banks and foreign bank holding companies.

Title III addresses the financing of the recapitalization of the Federal Savings and Loan Insurance Corporation through the establishment of a Financing Corporation which will sell long term bonds to the public. The proceeds of these sales, in turn, will be invested in obligations issued by the FSLIC. The principal portion of the Financing Corporation's debt will be retired at maturity by investments funded through mandatory capital stock sales to the Federal Home Loan Banks. These investments will be limited to zero coupon bonds or other non-interest bearing securities. The interest portion of this debt will be repaid out of the insurance premiums

presently paid to the FSLIC and a special premium if deemed necessary and approved by the Federal Home Loan Bank Board (FHLBB). This title also placed a one-year moratorium on the exit of thrifts from the FSLIC and authorized the fund to assess an exit fee according to a prescribed formula.

Title IV of the Act makes various amendments to the Home Owners Loan Act, the National Housing Act and the Federal Home Loan Bank Act to facilitate the recovery of well-managed and viable thrifts that were troubled due to weakened regional economies, by relaxing and providing greater flexibility in applying regulatory standards, rules and regulations. The FHLBB must conduct studies, provide specific recommendations for handling the thrift industry problem and provide additional reports on the activities and expenses of the FHLBB and all its related entities.

Title V of the Act reinstates (with certain amendments) the emergency acquisition powers of the FDIC that were provided in the Garn-St. Germain Depository Institutions Act of 1982 but had expired in 1986. These powers enable the FDIC to arrange for interstate acquisition of failing stock institutions, as well as mutual savings banks before they fail. It also allows for the sale of an entire holding company to an out-of-state holding company if certain conditions exist and prevents regional compact restrictions from applying to a holding company acquisition made under the emergency acquisition provisions.

Title V also authorizes the establishment of "bridge banks" to temporarily stabilize a failing bank's delivery of services. A bridge bank is formed by the FDIC only when certain circumstances exist, such as when the cost of utilizing a bridge bank is less than the cost of liquidating the failing

bank, if continued operation of the bank is necessary to maintain local services, or if the continued operation of the bank is in the best interest of the depositors and public at large.

Title VI regulates the availability of funds deposited in accounts with financial institutions. This title imposes a schedule under which financial institutions must make deposited funds available for withdrawal, depending on the type of item deposited (cash, checks, wire transfers, local versus out-of-town checks, etc...) and the method of deposit (manned teller, on site ATM, off site ATM, etc...). Banks, thrifts and credit unions must, with some exceptions, clear local checks within two business days and nonlocal checks within six days under a temporary schedule that is effective September 1, 1988. However, by September 1, 1990, the Federal Reserve Board must implement new regulations requiring that local checks be cleared within one business day and nonlocal checks within four business days. The title contains safeguards affecting new accounts, maximum dollar limits on the next day availability of funds, treatment of unpaid, redeposited and repeatedly overdrawn accounts and provisions for dealing with emergency situations to prevent fraud losses.

Title VI also directs the Federal Reserve Board to improve the check processing system and provides that interest must begin to accrue on interest-bearing accounts no later than the day on which provisional credit is received on the deposit.

These new provisions preempt inconsistent state law (including state Uniform Commercial Codes) unless the state law provides for more stringent requirements and is in effect before September 1, 1989. Civil liability provisions include statutory damages of between \$100.00 and \$1,000.00 for individual actions and up to the lesser of \$500,000.00

or one percent of the net worth of the depository financial institution in a class action suit. Finally, Title VI provides private sector correspondent banks with clear authority to compete with the Federal Reserve Banks in the check clearing business.

Title VII of the act enables the National Credit Union Administration to extend the term of certain adjustable-rate second mortgage and home improvement loans beyond the previous 15-year-period restrictions and allows credit unions to provide basic fidelity coverage for all officials and employees. ("Faithful performance" coverage was previously required for financial officers.) Other changes allow a general member of a credit union to serve as a membership officer; clarify member expulsion procedures; affect the National Credit Union Administration's (NCUA's) operations; expand the NCUA's conservatorship powers; allow credit unions to pledge their assets as security for certain types of deposits; and extend to federal credit unions the same exemption from the Federal Trade Commission's enforcement and investigating authority that is provided to banks and savings and loan associations.

Title VIII permits certain agriculture banks to amortize losses on qualifying agricultural loans over a seven-year period. This amortization is permitted only in conjunction with a plan to restore the bank's capital position within the same time period.

Title IX simply reaffirms "that deposits up to the statutorily prescribed amount in federally insured depository institutions are backed by the full faith and credit of the United States."

Title X directs the Comptroller of the Currency to investigate the extent to which consumers are

encountering difficulty in cashing Treasury checks. In addition, to facilitate a more orderly payment of U.S. Treasury checks, a one-year limit was placed on the negotiability of the checks, after which time a new check must be issued upon demand. The time period during which the Treasury can recover from a financial institution on a forged endorsement of a Treasury check was reduced from 6 years to 1 year.

Title XI directs the FDIC to pay interest on certain non-negotiable "yellow certificates" issued by the Golden Pacific National Bank of New York which was declared insolvent by the Comptroller of the Currency on June 21, 1985.

Title XII, the final section, contains miscellaneous provisions including a requirement that adjustable-rate mortgage loans contain a specified rate cap. This provision applies only to loans secured by a lien on one-to-four family dwelling units made by lenders who regularly extend credit for personal, family or household purposes.

This title directs the Comptroller General to examine high yield, noninvestment grade bonds and other types of direct investments made by federally insured institutions. The Comptroller General is also directed to undertake a study of the Federal Reserve's exemption from the imposition of presentment fees from clearinghouses and the Federal Home Loan Bank Board is required to conduct a study on the effects of direct investment activities on its insured institutions.

Summary of Orders, Rules, Releases, and Bulletins

The Bureau issued in 1987 two declaratory rulings, one order, a letter protesting a branch application filed by Michigan

National Bank, and a letter concerning the payment of interest on reserve-adjusted deposit account balances.

1. Declaratory Ruling -- re: legality of a licensee under Regulatory Loan Act of 1963 making loans by mail

A declaratory ruling requested by Banc One Financial Services, Inc. (BOFS), concerned whether a licensee under Act No. 21 of the Public Acts of 1939 is permitted to make a loan that is consummated through the United States mail. The Bureau concluded that use of the mail is incidental to the underlying business of making loans, and thereby reversed its longstanding position holding that allowing a licensee to make loans by mail would violate the intent of the "convenience and advantage" (C&A) clause of the Regulatory Loan Act of 1963. The Bureau departed from its traditional stance, in part, because under the circumstances present in 1987, permitting BOFS to make loans by mail to consumers in an expanded "community" would enable it to serve areas of the state not now served by any licensed lender.

2. Declaratory Ruling -- re: approved service organization activity for state-chartered credit unions

The second declaratory ruling was issued in response to a joint request by the Michigan Services Credit Union and the Michigan Credit Union League. These organizations requested that the Bureau reaffirm by rule that a credit union may invest in or continue to invest in service organizations providing those services which were approved by the Commissioner prior to the 1986 amendments to the Credit Union Act.

Under the provisions of the Credit Union Act prior to the 1986 amendments, permissible activities

for service organizations were those which a credit union could engage in directly. The 1986 amendments authorized investments in organizations which further a credit union's purposes, engage in activities incidental to the credit union's conduct, or which furnish services to credit unions.

The Commissioner reaffirmed that a credit union may continue to invest in service organizations providing those services which were approved prior to the 1986 amendment. However, his ruling modified the specific list of previously approved services consistent with the official records of the Financial Institutions Bureau. In addition, the Commissioner indicated that any renewal or new investment in a service organization engaged in a previously approved activity or providing previously approved services will be required to comply with the requirements of the 1986 amendments. These requirements include notifying the Commissioner of any investment or loan to service organizations which would result in the aggregate of such investments or loans exceeding 2% of the credit union's shares, deposits, undivided earnings and reserves; limiting the aggregate total of such investments or loans to 5% of the credit union's shares, deposits, undivided earnings, and reserves; and limiting investments and loans to only those service organizations which have signed a written agreement allowing the Commissioner to examine the organization and agreeing to provide written reports upon the Commissioner's request. This declaratory ruling served as a transition until the rules were promulgated (see #3 below).

3. Promulgated Rules -- Credit Unions

During 1987, the Bureau promulgated administrative rules which govern the operations of all state-chartered credit unions. These amendments

updated certain sections of existing rules to conform to recent changes to the Credit Union Act and to reflect current credit union practices.

Among other things, the rules now prohibit credit union officials, employees, or their immediate family members from receiving commissions, fees or additional compensation, other than salary, in connection with their lending practices. These individuals are also prohibited from receiving any preferential treatment in connection with any business loans made to or guaranteed by any credit union official, employee, or immediate family member.

The rules also establish new definitions and requirements for comprehensive audits and for the professionally qualified individuals who may perform those audits. Specific services and activities that credit union service organizations may engage in are defined, and operational requirements and limitations are established for those service organizations. Definitions and restrictions are established which regulate member business loans, the content of investment credit files, regular reserve requirements, and allowance for loan loss accounts. Finally, certain obsolete rules governing the selection of an independent hearings officer were rescinded as a result of the changes to the Credit Union Act. The amended portions of the rules were made effective on July 25, 1987.

4. Administrative Order -- Blue Cross/Blue Shield Employees Credit Union

On June 25, 1987 the Bureau issued an administrative order in response to a request by the Blue Cross-Blue Shield Employees Credit Union regarding service organization investments.

The credit union had proposed to invest, as a sole shareholder, in a

credit union service organization (CUSO) which will provide the following services and products to the credit union and to other credit unions:

- Software programs for financial and investment analysis;
- Credit collections and investigations;
- Printing of forms;
- Supplies for annual meetings, member communications and promotional items; and
- Providing automobile leasing to credit unions, credit union employees and credit union members.

The Bureau found that the proposed activities fell within the meaning of section 4(2)(gg) of the Credit Union Act which governs a credit union's ability to invest in or make loans to organizations which "engage in activities incidental to the conduct of a credit union or in activities which further or facilitate the purposes of a credit union, or which furnish services to credit unions." The Bureau therefore approved the proposed investment subject to aggregate investment limitations and CUSO examination agreement provisions pursuant to section 4(2)(gg) of the Act.

5. Letter -- re: Protesting branch application filed by Michigan National Bank, Farmington Hills

The Financial Institutions Bureau and the Attorney General, on November 5, 1987, filed a letter with the Comptroller of the Currency strongly opposing the application of Michigan

National Bank, Farmington Hills, to establish a de novo branch in Birmingham and urging that its application be denied. The Bureau argued that granting the application would violate state and federal law, result in competitive inequality for Michigan's state-chartered banks, subvert the "competitive equality" concept embodied in the national banking legislation by Congress, and deny to the State of Michigan the power which it has been entrusted to make policy on the subject of branch banking.

6. Letter -- re: Payment of Interest on Reserve-Adjusted Balance

The Bureau issued a letter to all banks following reports that some banks had begun paying interest only on the "investable" or "reserve-adjusted" balance of certain types of deposits, i.e., the amount of the deposit less the amount of the federal reserve requirement. The Bureau expressed concern that any bank that fails to inform its customers it is paying interest on the investable balance or fails to state the rate of interest paid on the deposit as an effective rate of return is misleading customers and overstating the effective rate of return paid on the deposit. The Bureau recommended that a bank which elects to pay interest on less than the full amount of funds deposited should disclose the fact to affected customers and state the rate of interest as an effective rate of return which reflects the dollar amount of interest paid as a percent of the entire amount of funds deposited by the customer.

PLANS AND OBJECTIVES FOR THE FUTURE

Economic Development Activities

As mentioned previously, the Bureau is involved with the Detroit Financial Center Task Force in exploring the feasibility of a program to promote Detroit as a major, regional financial center in the Midwest. If successful, such a program would act as a catalyst to expanded economic development in the city to the benefit of the state as a whole. A final report on this proposal is expected in mid-1988.

The final report of the Omnibus Licensing Advisory Committee has resulted in the introduction of legislation designed to implement the recommendations of the committee. The legislation would allow a company to obtain a license authorizing it to engage in up to six financial service activities that presently require separate licenses. The legislation would authorize a licensee to engage in any or all of the activities authorized under the following licensing statutes: Regulatory Loan Act of 1963, Secondary Mortgage Act, Motor Vehicle Sales Finance Act (the activities of a sales finance company only), Mortgage Brokers, Lenders and Servicers Licensing Act, Sale of Checks Act and the Credit Card Act. The proposal would also allow a licensee to purchase home improvement and retail installment contracts, and allow the Commissioner to authorize other activities which do not conflict with existing state or federal laws such as check cashing and tax preparation services. The proposal specifically prohibits licensees from engaging in debt management, real estate brokerage services and pawnbroking.

The Omnibus Licensing legislation is seen as a way of encouraging companies to obtain licenses to offer these much-needed financial services

to consumers living in areas which have experienced the loss of banking and other financial services. Not only will these licensees contribute in terms of new job creation, but the availability of alternate forms of credit will provide an additional stimulant to economic development.

Self-funding

Self-funding (the idea that the fees which are assessed on financial institutions for licensing and examinations will fund the total cost of their regulation and supervision) for a majority of the Bureau's functions except the mortgage anti-redlining program, remains a major priority of the Bureau. Consistent with this objective, the Bureau included self-funding in the draft of the legislation to regulate mortgage companies in their first mortgage business which was signed into law (Mortgage Brokers, Lenders, and Servicers Licensing Act, P.A. #173 of 1987). The Savings and Loan Act was amended to provide for self-funding of the program to regulate and supervise savings and loan associations. Although efforts to provide for self-funding in the Motor Vehicle Sales Finance Act in 1987 proved unsuccessful, it appears that legislation to implement self-funding will be enacted in 1988.

Implementation of Recent Legislation

Implementing recently enacted legislation involved the Bureau in one major area in 1987: the Mortgage Brokers, Lenders and Servicers Licensing Act (hereinafter, the Mortgage Licensing Act).

Work on implementing the Mortgage Licensing Act began immediately after

the legislation was signed into law on November 18, 1987. Getting geared up to enforce the new act has been a massive undertaking since those engaged in activities covered by the act on the effective date of the act had 90 days in which to file an application for a license along with proof of financial responsibility and to pay the required fees, or to register and pay the required registration fee. The 90-day period ended on February 16, 1988. During the 90-day period, and until the Commissioner acts on the application, the applicant will be entitled to operate without a license but otherwise must comply with all provisions of the act. In addition, since mortgage bankers have heretofore been unregulated (i.e., not examined) by the state, there was no master list of companies engaged in the business.

To get the word out to potential licensees and registrants, the Bureau has undertaken an unprecedented outreach program. With the help of several statewide associations, especially the Michigan Mortgage Bankers and the Michigan Association of Realtors, informative pieces have appeared in several professional publications. Mailings describing the new law have been sent to about 12,500 licensed real estate brokers, licensed CPA's, licensed secondary mortgage lenders, Home Builders Association members, Insurance Agents of Michigan members, and mortgage companies listed in yellow pages of major cities. Major articles have appeared in the Detroit News, Detroit Free Press, the Lansing State Journal, and Crain's Detroit Business. A specialized piece has also been developed for inclusion in state legislators' newsletters and speeches. In addition, Bureau staff received over 700 inquiries on the new law.

The second phase of the Bureau's public information effort will include notices in the appropriate

classified ad sections of major Michigan metropolitan dailies, direct mail and telephone contact with known mortgage companies that have not yet filed and an FIB-hosted meeting for representatives of all affected statewide professional organizations. Finally, funds collected from licensees and registrants will pay for processing and enforcement. The Bureau has requested authorization to spend \$600,000 to operate the program and fund 12 new positions.

Omnibus Financial Services Legislation

As discussed in the 1986 Annual Report, Commissioner Kuthy appointed an Omnibus Licensing Advisory Committee to examine ways that financial services could be restored to neighborhoods that in recent years, have suffered the loss of financial services. The committee developed a proposal to authorize a company to obtain a license authorizing it to engage in up to six financial service activities that now require separate licenses. Following the recommendation of the committee, legislation was introduced to authorize a company to obtain a license by which it could engage in activities governed by the Regulatory Loan Act of 1963, the Secondary Mortgage Act, the Credit Card Act, the Motor Vehicle Sales Finance Act, and the Sale of Checks Act plus activities permitted by the Mortgage Brokers, Lenders and Servicers Licensing Act (legislation that was signed into law on November 18, 1987 and subsequently tie-barred to House Bills 5208-5213). (Note: The Omnibus package passed the House 104-1.)

Statewide Bank Branching and Powers Legislation

On December 2, 1987, Commissioner Kuthy testified before the House Corporations and Finance Committee in

support of House Bill 5115, a bill that would permit statewide branching. The legislation, drafted by the Bureau, would allow state banks to establish branches anywhere in the state, eliminate the "necessity" test for establishing a branch, allow state banks to change the location of their main offices to any location within the state, permit a bank to contract with another bank to act as a branch for the other bank, and allow a section 172 bank to revoke its designation as a section 172 bank. Commissioner Kuthy stated that the impetus for proposing the bill was the Comptroller's decision to approve a national bank branch in Mississippi at a location where a state-chartered bank could not establish a branch (see discussion of Department of Banking and Consumer Finance v. Clarke in Bank Structure Developments), a move that has focused much attention on state branching policy.

Following the Mississippi case, Michigan National Bank, Farmington Hills, filed an application to establish a branch in Birmingham, a location that would be off limits to a similarly situated state bank. In attempting to explain the apparent inconsistency in the Bureau simultaneously supporting the bill while opposing Michigan National's application to establish a branch in Birmingham, the Commissioner stated his desire to preserve for the Michigan Legislature the right to determine the structure of the state's banking system. After all, Congress did not give that right to the Comptroller of the Currency, a federal bureaucrat.

The Commissioner argued that it was time to permit our banks to be fully competitive with other financial service providers which do not face similar anti-competitive geographic branching restrictions. Underscoring this point, the Commissioner noted that it seemed ironic that a bank holding company from Chicago or

Columbus or a bank from Tokyo could establish a presence anywhere in the state while an East Lansing bank cannot better serve its customers by establishing a branch in downtown Lansing.

House Bill 5115 was the subject of extensive negotiations involving bankers and the Bureau. A substitute for HB 5115 was proposed and later reported to the House floor. The new bill represented a compromise that contains statewide branching authority and provisions addressing bank powers. Thus, substitute for HB 5115 would permit statewide branching; authorize the Commissioner to promulgate rules pursuant to the Administrative Procedures Act, issue declaratory rulings, and issue orders on applications made under section 30(3) to (10) by one or more banks to exercise powers not specifically authorized by the act; and authorize banks to exercise any other powers necessary to compete with other providers of financial services (except that nothing in the bill would empower the Commissioner to authorize banks to engage in the sale or service of insurance).

The bill would require that, prior to authorizing additional powers, the Commissioner consider the ability of a bank to exercise the additional powers in a safe and sound manner, the authority of national banks operating under federal law or regulation, and the powers of other competing financial service providers in the bank's service area. The bill provides further that upon written notice to the Commissioner, a bank may change the location of its main office to any existing branch location of the bank within the limits of the city, village, or township in which the bank is located. With the prior approval of the Commissioner, the bill would permit a bank to change the location of its principal office to any other location within this state. Finally, the bill provides that with the

approval of the Commissioner, a bank may contract with another bank or banks to act as a branch to provide

services to the customers of the contracting bank.

OFFICE OF REGULATION

Gary K. Mielock
Deputy Commissioner

Phyllis Groenewoud
Administrative Law Specialist

BANK AND TRUST DIVISION

DONALD P. MANN, Director; Joseph Petterson, Assistant Director; Stephen Trembath, Senior Review Examiner; Larry Snively, Examiner

Examiners:

Region I Gary Thielsen (Regional Supervisor), Walter Baler, James Brown
Detroit II, Joanne Brown, Duane Gaunt, Donald Hermann, Young Kim, Michael Lesiak, William Pilkington, Marianne Schmidt, Chris Werwega, Joanne West

Region II Ralph Morr (Regional Supervisor), Karen Ammarman, Michael
Lansing Anderson, Dawn Baetsen, Robert Caruso, Rae Farris, Patrick Holleran, Charles Lentz, Curtis McMillin, Charles Moore, Peter Oquist, Donald Priestley, Charles Scott

Region III Irwin Van Noord (Regional Supervisor), Robert Alexander, Thomas
Grand Curtiss, Joyce Etheridge, Gordon Freeman, Carol Gorton, Karl
Rapids Johnson, Charlie Kohler, Donald Pickel, Sheila Vigh

Region IV Dale Fockler (Regional Supervisor), Tina Ballard, Thomas Battle,
Northern Kathleen Bay, Kathleen Billmeyer, Michael Friedrich, James Frost, Jacqueline Ivan, Lonnie Lint, James McMullen

Region V Gary Groves (Regional Supervisor), John Lyle, David Theoret,
Upper Larry Wuokko
Peninsula

CORPORATE AND REGULATORY SERVICES DIVISION

DARWYN SANBORN, Director; Sandra Slee, Corporate Analyst-Domestic Activities; Linda Hansen, Corporate Specialist-Domestic Activities; Steven Cutshaw, Corporate Analyst-Foreign Activities; Allan Huber, Corporate Specialist-Foreign Activities; Leigh Adams, Examiner

CREDIT UNION DIVISION

MICHAEL FITZGERALD, Director; Tim Standfest, Assistant Director; Nada Van De Moortel, Review Examiner; William King, Corporate Activities Coordinator

Examiners:

Region I A. Ann Gaultney (Regional Supervisor), Jerry Armstrong, Roger
Out-State Little, Teresa Macloszek, Gerard Marsh, Freya McGinty, Philip
Sarnicola, Leanne Thelen

Region II Robert Andrews (Regional Supervisor), Kathleen Blair, Delores
Detroit Thomas Bledsoe, Alice Censier, Dollinda Lassiter, Wanda Marshall,
Ronald Miller

Region III Alan Peterson (Regional Supervisor), Stanley Kossakowski, Anna
Detroit Narsisian Lowe, David Rogers, Suzanne Santoro, Michele
Schweitzer, Donald Walters

BANK AND TRUST DIVISION

Michigan's state-chartered banks are regulated and supervised under the authority of Act No. 319 of the Public Acts of 1969 (the Michigan Banking Code of 1969, as amended) by the Bank and Trust Division. The major responsibility of the division is to ensure that each state-chartered bank is operated in a financially safe and sound manner. The division accomplishes this through the examination and supervision of Michigan's state-chartered banks. The division also monitors the services that banks provide their customers, and makes recommendations to the Commissioner on applications for new bank charters, branches, and other corporate changes.

Examinations

The principal objective of the Bank and Trust Division is to promote management practices that minimize the risk of insolvency. The Bureau meets this objective, in part, through periodic on site examination of state-chartered banks and ongoing off site analysis of various data. The Report of the Examination is communicated to the bank's board of directors. All examinations, whether conducted concurrently with the Federal bank regulatory agencies or performed independently, are sufficient to generate a CAMEL rating. The CAMEL rating reflects the bank's condition relative to capital adequacy, asset quality, management capabilities, earnings sufficiency, and liquidity position. During 1987, the division performed 161 examinations. The Federal Reserve Banks and the Federal Deposit Insurance Corporation examined 58 CAMEL 1- and 2-rated banks, and

participated in the examination of all CAMEL 3- and 4-rated banks. During 1987, all state-chartered banks were examined by at least one of the bank regulatory agencies.

The division participated with the Federal Reserve Bank of Chicago, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation in the joint examination of the 10 largest bank holding companies in Michigan and their bank subsidiaries. These companies controlled 166 affiliate banks with deposits of \$55.0 billion, or 81.6% of Michigan's bank deposits. Joint examination techniques permit the division to efficiently utilize its resources in determining the overall condition of Michigan's banking industry.

Bank Supervision

Michigan continues to enjoy the benefits of a highly competitive and sound state-chartered banking system. Again, during 1987, there were no bank failures in Michigan. Nationwide, bank failures continued to increase with the Federal Deposit Insurance Corporation reporting 184 failures in 1987.

Problem banks in Michigan (CAMEL ratings of 3, 4, and 5) were reduced by 11 during 1987. One cease and desist order was lifted, and five memoranda of understanding were released. Two memoranda of understanding were issued in 1987.

In the past several years, memoranda of understanding have become an effective regulatory tool to cause boards of directors to recognize and subsequently correct problems. In

addition, the division has increased its follow-up activity at banks experiencing problems. This creates

a greater awareness of the problem by bank management, and usually results in earlier correction.

SUMMARY OF MICHIGAN STATE-CHARTERED PROBLEM BANKS*

	<u>Total Banks Supervised</u>	<u>Problem Banks as of 1-1</u>	<u>Banks Added to Problem Status</u>	<u>Banks Removed from Problem Status</u>	<u>Problem Banks as of 12-31</u>
1983	248	29	5	8	26
1984	248	26	11	4	33
1985	241	33	10	8	35
1986	238	35	7	16	26
1987	219	26	3	14	15

*A problem bank is one with a composite CAMEL rating of 3, 4, or 5.

Structural Activities

Four new state bank charters were granted in 1987 and 23 banks consolidated with other banks. Therefore, at the end of 1987, there were 219 state banks, while at the end of 1986 there were 238. The number of state bank branch offices decreased from 1,162 at the end of 1986 to 1,133 at the end of 1987.

Michigan State Bank Trends

As of December 31, 1987, the 219 state-chartered banks held total assets of \$38.2 billion. Total assets of state-chartered banks increased \$1.0 billion or 2.7% from year-end 1986. Total deposits

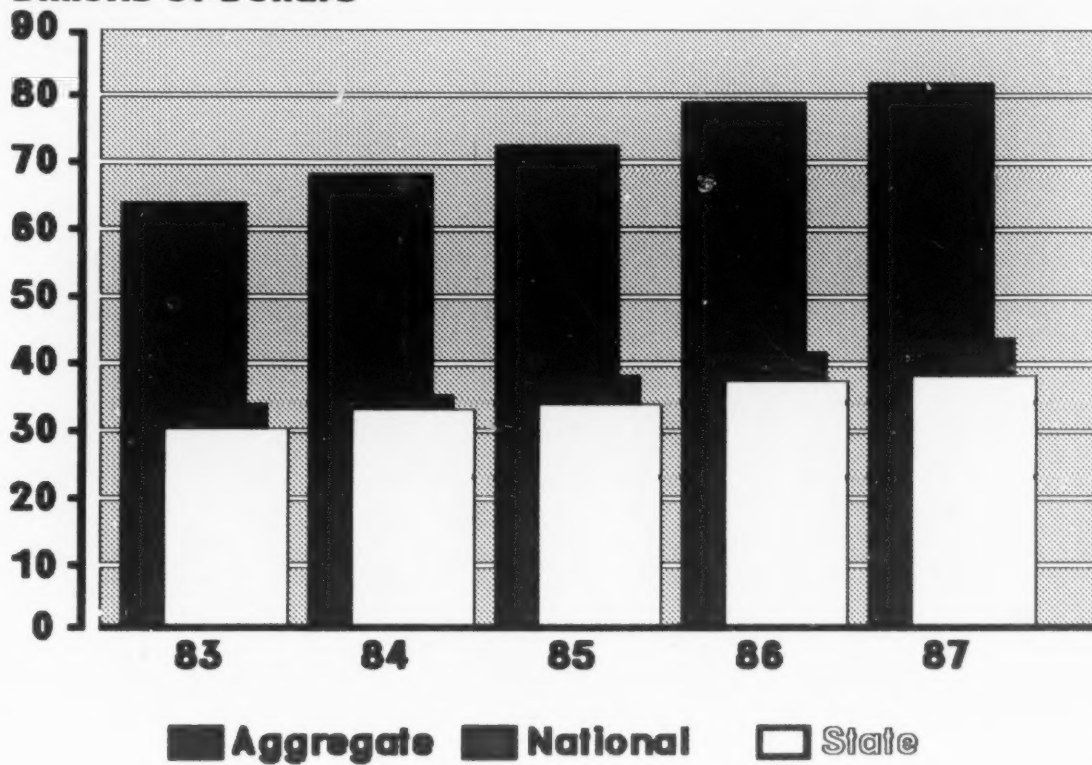
decreased \$200 million, or 0.6%, to \$32.2 billion. Demand deposits decreased 5.5% while interest bearing deposits rose 0.4%. Total loans grew \$900 million or 4.4%. Residential real estate loans and loans to individuals represented approximately 67% of the increase. Net income increased \$44.8 million, or 14.9%, to \$344.9 million resulting in a return on equity of 13.8%. Return on assets was .90% in 1987 which exceeded the 1986 level of .80%.

Bank Bulletins

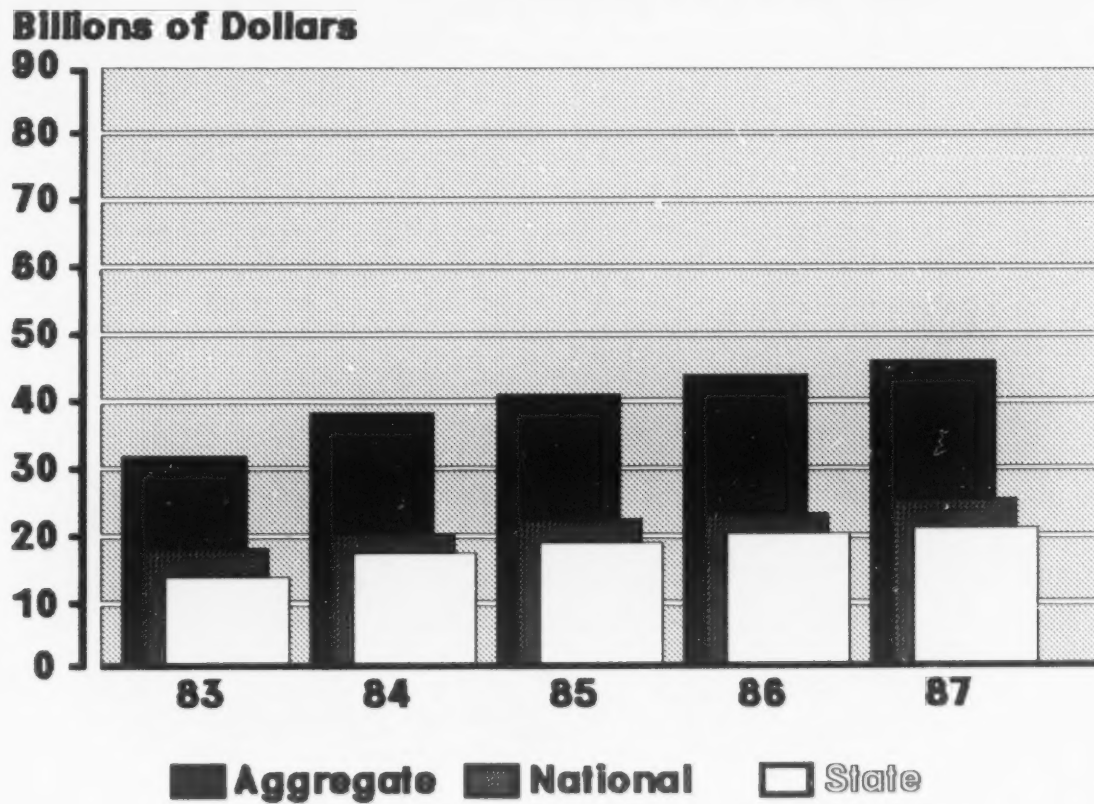
Bank Bulletin No. 2, Annual Supervisory Fee, was rewritten in 1987 setting forth a new fee schedule.

**COMPARATIVE CHART OF ASSETS OF
STATE AND NATIONAL BANKS IN MICHIGAN**

Billions of Dollars

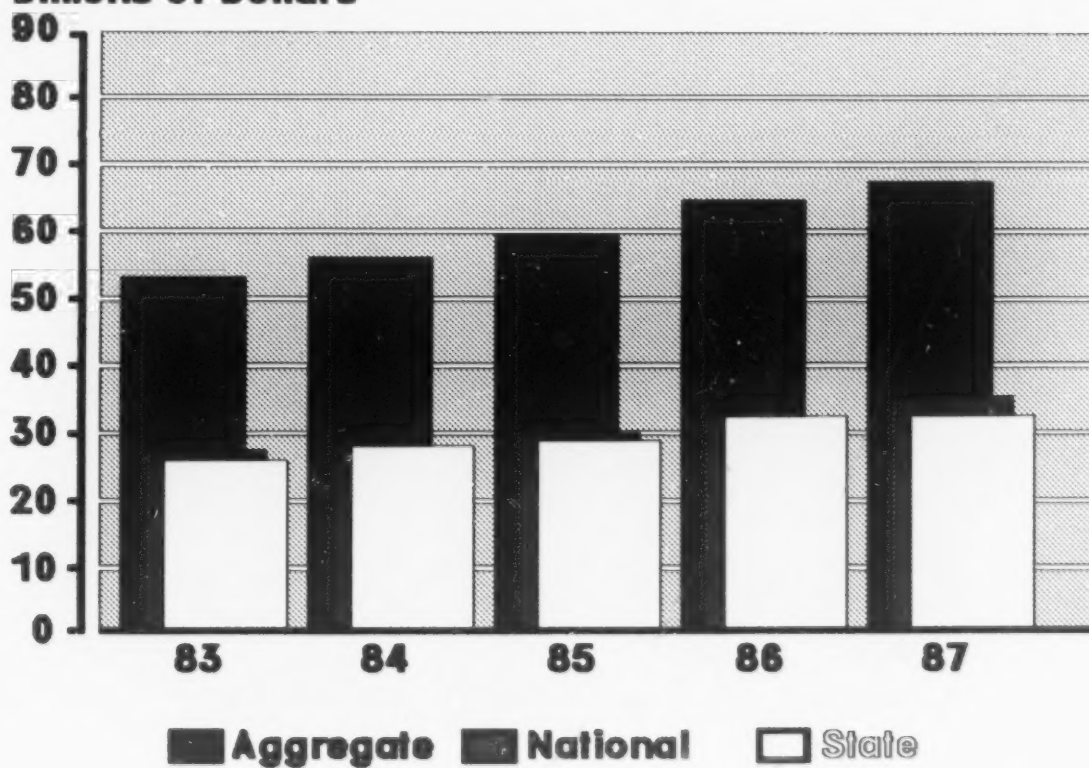


COMPARATIVE CHART OF LOANS OF STATE AND NATIONAL BANKS IN MICHIGAN



COMPARATIVE CHART OF DEPOSITS OF STATE AND NATIONAL BANKS IN MICHIGAN

Billions of Dollars



CONSOLIDATED BALANCE SHEET OF STATE BANKS

(000's Omitted)

219 Banks
1,133 Branches
December 31, 1987

ASSETS

Cash and balances due from depository institutions.....	\$ 5,281,926
Noninterest-bearing balances and currency and coin.....	\$ 2,028,785
Interest-bearing balances.....	3,253,141
Securities.....	9,033,607
Federal funds sold and securities purchased under agreements to resell.....	1,484,384
Total loans and leases (excluding unearned income).....	\$ 21,549,272
Less: Allowance for loan and lease losses.....	320,913
Net loans and leases.....	21,228,359
Assets held in trading accounts.....	2,796
Premises and fixed assets (including capitalized leases).....	491,720
Other real estate owned.....	71,559
Investments in unconsolidated subsidiaries and associated companies.....	5,785
Customers' liability to banks on acceptances outstanding.....	10,223
Intangible assets.....	4,146
Other assets.....	610,054
TOTAL ASSETS.....	<u>\$ 38,224,559</u>

LIABILITIES

Total deposits.....	* \$ 32,209,228
Noninterest-bearing.....	\$ 5,236,838
Interest-bearing.....	26,972,390
Federal funds purchased and securities sold under agreements to repurchase.....	2,567,659
Demand notes issued to the U. S. Treasury.....	346,899
Other borrowed money.....	61,399
Mortgage indebtedness and obligations under capitalized leases.....	13,592
Banks' liability on acceptances executed and outstanding.....	10,223
Notes and debentures subordinated to deposits.....	135,824
Other liabilities.....	387,186
TOTAL LIABILITIES.....	<u>\$ 35,732,010</u>

EQUITY CAPITAL

Perpetual preferred stock.....	\$ 2,000
Common stock.....	384,723
Surplus.....	1,039,757
Undivided profits and capital reserves.....	<u>1,066,069</u>
TOTAL EQUITY CAPITAL.....	2,492,549
TOTAL LIABILITIES AND EQUITY CAPITAL.....	<u>\$ 38,224,559</u>

*Includes deposits of State money - Michigan..... \$ 119,183

LOANS HELD BY STATE BANKS

(000's Omitted)

December 31, 1987

Real estate loans:	
Construction and land development.....	\$ 461,009
Secured by farmland (including farm residential and other improvements).....	160,895
Secured by 1-4 family residential properties.....	5,676,042
Secured by multifamily (5 or more) residential properties.....	112,620
Secured by nonfarm nonresidential properties.....	2,040,182
Loans to depository institutions.....	179,952
Loans to finance agricultural production and other loans to farmers.....	331,643
Commercial and industrial loans.....	6,076,808
Acceptances of other banks.....	121,236
Loans to individuals for household, family, and other personal expenditures (includes purchased paper):	
Credit cards and related plans (includes check credit and other revolving credit plans)	1,046,539
Other (includes single payment and installment).....	4,320,554
Obligations (other than securities) of states and political subdivisions in the U.S.....	603,803
All other loans.....	411,357
Lease financing receivables (net of unearned income).....	26,355
Gross loans and leases.....	\$ 21,568,995
Less: Unearned income on loans reflected in items above.....	19,723
TOTAL LOANS AND LEASES (net of unearned income).....	<u>\$ 21,549,272</u>

SELECTED FINANCIAL RATIOS - 1987

No.	Category	Return On Average Assets	Total Loans/ Total Assets	Consumer Loans/ Total Loans	Commercial Loans/ Total Loans	Mortgage Loans/ Total Loans	Interest Bearing Deposits/ Total Deposits	IRA Keogh Accounts/ Total Deposits
219	State Banks	.90%	56.53%	24.89%	28.18%	39.20%	83.70%	6.10%
92	National Banks	.60	58.24	17.54	37.82	32.41	78.30	5.50
87	Independent Banks	.90	47.57	23.10	18.88	50.37	86.60	5.80
224	Holding Co. Banks	.70	58.52	20.71	34.70	34.20	80.20	5.80
311	Michigan Banks	.70	57.44	20.90	33.41	35.52	80.90	5.80

CONSOLIDATED STATEMENT OF OPERATIONS AND CAPITAL OF STATE BANKS

(000's Omitted)

SOURCES AND DISPOSITION OF INCOME

	1987
Interest Income:	
Interest and fee income on loans.....	\$ 2,147,973
Interest from lease financing receivables.....	2,673
Interest income on balances due from depository institutions.....	229,293
Interest and dividend income on securities.....	659,530
Interest income from assets held in trading accounts.....	315
Interest income on federal funds sold and securities purchased under agreements to resell	77,991
Total Interest Income.....	\$ 3,117,775
Interest Expenses:	
Interest on deposits.....	\$ 1,580,077
Expense of federal funds purchased and securities sold under agreements to repurchase.....	116,483
Interest on demand notes issued to the U. S. Treasury and on other borrowed money.....	26,769
Interest on mortgage indebtedness and obligations under capitalized leases.....	1,245
Interest on notes and debentures subordinated to deposits.....	9,327
Total Interest expense.....	\$ 1,733,901
Net Interest Income.....	\$ 1,383,874
LESS: Provision for loan and lease losses.....	148,657
NonInterest Income.....	340,587
Gains (losses) on securities not held in trading accounts.....	1,420
NonInterest Expenses:	
Salaries and employee benefits.....	\$ 516,307
Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest).....	159,953
Other nonInterest expense.....	453,757
Total nonInterest expense.....	\$ 1,130,017
Income (loss) before income taxes and extraordinary items and other adjustments.....	\$ 447,207
LESS: Applicable income taxes.....	104,987
Income (loss) before extraordinary items and other adjustments.....	342,220
Extraordinary items (net of taxes).....	2,724
Net Income.....	<u>\$ 344,944</u>

CHANGES IN EQUITY CAPITAL

Balance end of previous year.....	\$ 2,377,526
Adjustments.....	(275)
Adjusted balance end of previous year.....	\$ 2,377,251
Net Income (loss).....	344,944
Sale, conversion, acquisition, or retirement of capital, net.....	17,870
Changes incident to mergers and absorptions, net.....	13,166
LESS: Cash dividends declared on common stock.....	(269,052)
LESS: Cash dividends declared on preferred stock.....	(160)
Other Increases (decreases).....	8,530
Balance end of period.....	<u>\$ 2,492,549</u>

CONSOLIDATED BALANCE SHEET OF NATIONAL BANKS

(000's Omitted)

92 Banks
December 31, 1987

ASSETS

Cash and balances due from depository institutions.....	\$ 6,751,017
Noninterest-bearing balances and currency and coin.....	\$ 3,459,539
Interest-bearing balances.....	3,291,478
Securities.....	8,218,144
Federal funds sold and securities purchased under agreements to resell.....	1,850,168
Total loans and leases (excluding unearned income).....	\$25,519,104
Less: Allowance for loan and lease losses.....	433,569
Net loans and leases.....	25,085,535
Assets held in trading accounts.....	42,783
Premises and fixed assets (including capitalized leases).....	516,452
Other real estate owned.....	67,526
Investments in unconsolidated subsidiaries and associated companies.....	(219)
Customers' liability on acceptances executed and outstanding.....	561,498
Intangible assets.....	121,788
Other assets.....	684,525
TOTAL ASSETS.....	<u>\$ 43,899,217</u>

LIABILITIES

Total deposits.....	\$ 35,167,362
Noninterest-bearing.....	\$ 7,617,813
Interest-bearing.....	27,549,549
Federal funds purchased and securities sold under agreements to repurchase.....	3,864,918
Demand notes issued to the U. S. Treasury.....	430,739
Other borrowed money.....	298,850
Mortgage indebtedness and obligations under capitalized leases.....	73,619
Bank's liability on acceptances executed and outstanding.....	561,498
Notes and debentures subordinated to deposits.....	154,665
Other liabilities.....	796,812
TOTAL LIABILITIES.....	<u>\$ 41,298,463</u>

EQUITY CAPITAL

Perpetual preferred stock.....	\$ -0-
Common stock.....	350,990
Surplus.....	795,727
Undivided profits and capital reserves.....	<u>1,454,037</u>
TOTAL EQUITY CAPITAL.....	\$ 2,600,754
TOTAL LIABILITIES AND EQUITY CAPITAL.....	<u>\$ 43,899,217</u>

STATE BANKS

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Number of State Banks - January 1	251	248	248	241	238
Plus: Charters Granted	1	2	2	0	4
Conversions - National to State.	1	1	0	6	0
Less: Mergers/Consolidation/Purchase/Assumption.	5	2	6	9	21
Receiverships/Liquidations	0	1	0	0	0
Conversions - State to National.	0	0	0	0	2
Conversions to Savings Banks	0	0	3	0	0
Number of State Banks - December 31	248	248	241	238	219
Number of State Bank Branches	1,140	1,142	1,141	1,165	1,133

NATIONAL BANKS

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
National Banks	124	119	119	109	92

CONVERSIONS

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
State to National	0	0	0	0	2
National to State	1	1	0	6	0

NUMBER OF BANKS CHARTERED PER YEAR

	<u>1978</u>	<u>1979</u>	<u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
State Banks Affiliated with Bank Holding Companies	0	6	2	1	2	1	1	1	0	2
National Banks Affiliated with Bank Holding Companies	4	1	3	1	1	0	1	1	0	1
State Banks Not Affiliated with Bank Holding Companies	1	0	0	1	0	0	1	1	0	2
National Banks Not Affiliated with Bank Holding Companies	0	1	1	1	1	1	0	0	0	0

NOTE: All national bank data obtained from the Office of the Comptroller of the Currency.

NEW BANKS

Effective Date	Name of Bank	City-Main Office	Initial Capital Stock
06-01-87	Republic Bank Ann Arbor	Ann Arbor	\$ 952,380.00
08-17-87	Grand Bank	Grand Rapids	\$1,718,000.00
06-22-87	Arcadia Bank	Kalamazoo	\$1,500,000.00
12-01-87	*Chemical Bank Huron	Standish	\$ 100,000.00

*Bank immediately consolidated with Chemical Bank Au Gres, Au Gres, Michigan, upon opening date.

NEW CAPITAL

Name of Bank	City-Main Office	Sale of New Stock	Subordinated Capital Notes
Republic Bank-North	Bellaire	\$ 176,600.00	
Tri-County Bank	Brown City		\$ 400,000.00
Comerica Bank-Detroit	Detroit	\$ 5,000,000.00**	\$50,000,000.00
Republic Bank	Flint Township	\$ 476,200.00*	
Erie State Bank	Frenchtown Township	\$ 66,125.00	
Independent Bank	Ionia	\$ 125,000.00	
Independent Bank-South Michigan	Leslie	\$ 781,250.00	

*Reflects total amount from 2 or more entries during the year.

**Reserved for conversion of convertible capital notes.

DECREASE IN PREFERRED STOCK

Effective Date	Name of Bank	City	Amount
06-30-87	First of America Bank-Oscoda	Oscoda	\$140,000.00
06-15-87	Warren Bank	Warren	\$350,000.00

CHANGE IN PAR VALUE

Effective Date	Name of Bank	City-Main Office	From	To
09-15-87	The Grant State Bank	Grant	\$20.00	\$10.00

MAIN OFFICE RELOCATIONS

Date Effective	Name of Bank	City-Main Office	Locations Involved
04-24-87	Bank of Lenawee	Adrian	From: 102 East Maumee Street To: 135 East Maumee Street City of Adrian, Lenawee County

NEW BRANCHES ESTABLISHED

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
09-01-87	Citizens Trust	Ann Arbor	1200 Earhart Road City of Ann Arbor, Washtenaw County
07-24-87	First of America Bank-Ann Arbor	Ann Arbor	1880 West Stadium Boulevard City of Ann Arbor, Washtenaw County
12-15-86	Tri-County Bank	Brown City	4441 West Main Street City of Brown City, Sanilac County
03-30-87	Exchange State Bank	Carsonville	415 West Sanilac Road Watertown Township, Sanilac County
11-23-87	State Savings Bank of Fenton	Fenton	4449 Grange Hall Road Holly Township, Oakland County
08-17-87	United Bank of Michigan	Grand Rapids	4414 Alpine Avenue, NW Alpine Township, Kent County
08-31-87	United Bank of Michigan	Grand Rapids	4590 Cascade Road, SE Grand Rapids Township, Kent County
04-30-87	Old Kent Bank of Holland	Holland	969 Butternut Drive Holland Township, Ottawa County
12-31-87	Old Kent Bank of Kentwood	Kentwood	3175 28th Street, SE City of Kentwood, Kent County
11-02-87	First Macomb Bank	Mount Clemens	20650 Hall Road Clinton Township, Macomb County
08-27-87	Citizens State Savings Bank	New Baltimore	9764 Dixie Highway, (Anchorville) Ira Township, St. Clair County

BRANCHES ESTABLISHED VIA PURCHASE FROM ANOTHER INSTITUTION

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
07-01-87	Chemical Bank Clare	Clare	5600 East Pickard Avenue Union Township, Isabella County
05-18-87	The Hastings City Bank	Hastings	115 North Main Street Village of Bellevue, Eaton County
05-18-87	The Hastings City Bank	Hastings	203 North Main Street Village of Nashville, Barry County
12-01-87	Independent Bank	Ionia	9600 East Grand River Avenue City of Portland, Ionia County
12-01-87	Independent Bank-South Michigan	Leslie	320 Vermontville Highway City of Pottersville, Eaton County
12-01-87	Independent Bank-South Michigan	Leslie	194 Main Street Village of Vermontville, Eaton County
12-01-87	Independent Bank-South Michigan	Leslie	2500 South Michigan Road Eaton Rapids Township, Eaton County
12-01-87	Independent Bank-South Michigan	Leslie	1245 West Grand River Avenue Williamstown Township, Ingham County
11-02-87	G. W. Jones Exchange Bank	Marcellus	12097 M-60 (Jones), Cass County
12-14-87	Chemical Bank and Trust Company	Midland	5610 Gratiot Road Saginaw Township, Saginaw County
12-01-87	Monroe Bank & Trust	Monroe	12754 Dixie Highway Village of South Rockwood, Monroe County
06-08-87	Oxford Bank	Oxford	7199 Ortonville Road Independence Township, Oakland County
08-24-87	United Savings Bank of Tecumseh	Tecumseh	11839 Tecumseh-Clinton Road Clinton Township, Lenawee County

BRANCHES ESTABLISHED RESULTING FROM A CONSOLIDATION OR PURCHASE AND ASSUMPTION
(Former Main Offices)

Date Effective	Name of Bank	City—Main Office	Location of Branch Office
06-30-87	Bank of Lenawee	Adrian	226 West Main Street City of Hudson, Lenawee County
08-01-87	First of America Bank-Thumb Area	Bad Axe	One West Main Street Village of Sebewaing, Huron County
04-27-87	Fidelity Bank	Birmingham	26911 Northwestern Highway City of Southfield, Oakland County
08-31-87	NBD Cadillac Bank	Cadillac	107 North Pine Street City of Ewart, Wexford County
12-31-87	Old Kent Bank and Trust Company	Grand Rapids	4433 Breton Road, SE City of Kentwood, Kent County
12-31-87	Old Kent Bank and Trust Company	Grand Rapids	55 West Main Street City of Fremont, Newaygo County
12-31-87	Old Kent Bank and Trust Company	Grand Rapids	301 South Lafayette City of Greenville, Montcalm County
11-01-87	First of America Bank-Central	Lansing	101 South Cochran Street City of Charlotte, Eaton County
11-01-87	First of America Bank-Central	Lansing	301 South Bridge Street City of Grand Ledge, Eaton County
01-30-87	Security Bank Northeast	Richmond	201 East Third Street City of Imlay City, Lapeer County
05-30-87	Security Bank Northeast	Richmond	402 North Main Street City of Almont, Lapeer County
12-30-87	Independent Bank-West Michigan	Rockford	101 East Fourth Street Village of Morley, Mecosta County.
12-31-87	Presque Isle Bank	Rogers City	118 State Street Village of Hillman, Montmorency County
01-01-87	First of America Bank-Wayne Oakland	Royal Oak	3001 West Big Beaver Road City of Troy, Oakland County
12-01-87	Chemical Bank-Huron	Standish	144 West Huron Drive City of Au Gres, Arenac County

Note: Branches of the Institutions consolidated continue as offices of the resulting bank but are not listed above.

BRANCH CLOSINGS

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
05-29-87	First of America Bank-Alpena	Alpena	2670 U.S. 23 South Alpena Township, Alpena County
05-29-87	First of America Bank-Alpena	Alpena	1010 U.S. 23 North Alpena Township, Alpena County
12-11-87	Chemical Bank-Bay Area	Bay City	6180 State Street Saginaw Township, Saginaw County
12-31-86	Michigan Bank-Livingston	Brighton	1195 Pinckney Road Marion Township, Livingston County
08-31-87	*Michigan Bank-Livingston	Brighton	7785 M-36 Hamburg Township, Livingston County
08-31-87	*Michigan Bank-Livingston	Brighton	8250 Hilton Road Brighton Township, Livingston County
08-31-87	*Michigan Bank-Livingston	Brighton	2260 East Grand River Avenue Genoa Township, Livingston County
12-31-87	Old Kent Bank of Brighton	Brighton	1325 East M-36 Putnam Township, Livingston County
07-06-87	*Manufacturers Bank of Coopersville	Coopersville	1465 East Apple Avenue Muskegon Township, Muskegon County
07-06-87	*Manufacturers Bank of Coopersville	Coopersville	3875 West River Drive, NE Village of Comstock Park, Kent County
07-06-87	*Manufacturers Bank of Coopersville	Coopersville	3656 Alpine Avenue, NW Alpine Township, Kent County
07-06-87	*Manufacturers Bank of Coopersville	Coopersville	14677 16th Avenue Village of Marne, Ottawa County
07-06-87	*Manufacturers Bank of Coopersville	Coopersville	31 68th Street City of Coopersville, Ottawa County
07-06-87	*Manufacturers Bank of Coopersville	Coopersville	4564 West River Road, NE Plainfield Township, Kent County
06-26-87	NBD Genesee Bank	Flint	2080 Corunna Avenue Caledonia Township, Shiawassee County
03-01-87	First of America Bank-Frankenmuth	Frankenmuth	7026 Vienna Road Montrose Township, Genesee County
03-31-87	First of America Bank-Mid Michigan	Gladwin	2087 South M-76 West Branch Township, Ogemaw County
07-01-87	*First of America Bank-Van Buren	Hartford	Main Street Covert Township, Van Buren County
07-01-87	*First of America Bank-Van Buren	Hartford	67900 M-152 West, (Sister Lakes) Keeler Township, Van Buren County
07-01-87	*First of America Bank-Van Buren	Hartford	1121 LaGrange Street South Haven Township, Van Buren County
12-19-86	Michigan Bank-Midwest	Jackson	108 East McDevitt, (Vandercook Lake) Summit Township, Jackson County
12-19-86	Michigan Bank-Midwest	Jackson	2550 Airport Road Blackman Township, Jackson County
12-19-86	Michigan Bank-Midwest	Jackson	2009 West Michigan Avenue Summit Township, Jackson County
10-30-87	First of America Bank-Central	Lansing	622 South Washington Avenue City of Lansing, Ingham County

BRANCH CLOSINGS - Continued

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
11-28-86	Michigan Bank-Mid South	Litchfield	1401 North Eaton Street Sheridan Township, Calhoun County
05-01-87	*Manufacturers Bank of Livonia	Livonia	17111 North Laurel Park Drive City of Livonia, Wayne County
05-01-87	*Manufacturers Bank of Livonia	Livonia	18766 Middlebelt Road City of Livonia, Wayne County
05-01-87	*Manufacturers Bank of Livonia	Livonia	31425 Five Mile Road City of Livonia, Wayne County
05-01-87	*Manufacturers Bank of Livonia	Livonia	30905 Plymouth Road City of Livonia, Wayne County
05-01-87	*Manufacturers Bank of Livonia	Livonia	38047 Ann Arbor Road City of Livonia, Wayne County
05-01-87	*Manufacturers Bank of Livonia	Livonia	37601 Five Mile Road City of Livonia, Wayne County
03-27-87	Comerica Bank-Midland	Midland	1686 East Isabella Road Homer Township, Midland County
09-11-87	Old Kent Bank-Southwest	Niles	12097 M-60 (Jones), Cass County
05-01-87	*Manufacturers Bank of Novi	Novi	41720 West Ten Mile Road City of Novi, Oakland County
05-01-87	*Manufacturers Bank of Novi	Novi	3000 Union Lake Road Commerce Township, Oakland County
03-02-87	*Michigan Bank-Port Huron	Port Huron	2313 Conner Street City of Port Huron, St. Clair County
03-02-87	*Michigan Bank-Port Huron	Port Huron	358 South Water Street City of Port Huron, St. Clair County
03-02-87	*Michigan Bank-Port Huron	Port Huron	4361 Capac Road Mussey Township, St. Clair County
03-02-87	*Michigan Bank-Port Huron	Port Huron	6998 Lakeshore Road Worth Township, Sanilac County
03-02-87	*Michigan Bank-Port Huron	Port Huron	9764 Dixie Highway, (Anchorville) Ira Township, St. Clair County
03-02-87	*Michigan Bank-Port Huron	Port Huron	3910 Lapeer Road Port Huron Township, St. Clair County
03-02-87	*Michigan Bank-Port Huron	Port Huron	2030 South River Road East China Township, St. Clair County
03-02-87	*Michigan Bank-Port Huron	Port Huron	4145 24th Avenue Fort Gratiot Township, St. Clair County
03-02-87	*Michigan Bank-Port Huron	Port Huron	2850 Pte Tremble Road Clay Township, St. Clair County
03-02-87	*Michigan Bank-Port Huron	Port Huron	1620 Pine Grove City of Port Huron, St. Clair County
03-02-87	*Michigan Bank-Port Huron	Port Huron	2300 Griswold Street City of Port Huron, St. Clair County
03-02-87	*Michigan Bank-Port Huron	Port Huron	67270 Main Street Lenox Township, Macomb County
03-02-87	*Michigan Bank-Port Huron	Port Huron	6690 South River Road City of Marine City, St. Clair County

BRANCH CLOSINGS - Continued

Date Effective	Name of Bank	City-Main Office	Location of Branch Office
03-02-87	*Michigan Bank-Port Huron	Port Huron	2314 Pine Grove City of Port Huron, St. Clair County
04-11-87	Independent Bank-West Michigan	Rockford	9700 Greenville Road Cato Township, Montcalm County
05-15-87	NBD Roscommon Bank	Roscommon	9169 West Lake City Road Roscommon Township, Roscommon County
01-31-87	First of America Bank-Wayne Oakland	Royal Oak	80 East Long Lake Road City of Troy, Oakland County
05-01-87	*Manufacturers Bank of The Shores	St. Clair Shores	24055 Jefferson Avenue City of St. Clair Shores, Macomb County
05-01-87	*Manufacturers Bank of The Shores	St. Clair Shores	32777 Twenty-Three Mile Road Chesterfield Township, Macomb County
05-01-87	*Manufacturers Bank of The Shores	St. Clair Shores	25901 Harper Avenue City of St. Clair Shores, Macomb County
12-21-87	*Manufacturers Bank of Saline	Saline	409 East Michigan Avenue City of Saline, Washtenaw County
12-21-87	*Manufacturers Bank of Saline	Saline	2795 Carpenter Road Pittsfield Township, Washtenaw County
12-21-87	*Manufacturers Bank of Saline	Saline	3737 North Adrian Highway Raisin Township, Lenawee County
12-21-87	*Manufacturers Bank of Saline	Saline	169 West Michigan Avenue Village of Clinton, Lenawee County
12-21-87	*Manufacturers Bank of Saline	Saline	7757 U.S. Highway 12, (Irish Hills) Cambridge Township, Lenawee County
12-21-87	*Manufacturers Bank of Saline	Saline	75 Scio Church Road Pittsfield Township, Washtenaw County
02-13-87	First of America Bank-Bay Area	Sebewaing	8801 Unionville Road Sebewaing Township, Huron County
10-23-87	*First of America Bank-Iron County	Stambaugh	240 Caspian Avenue Village of Caspian, Iron County
10-02-87	Old Kent Bank of Three Rivers	Three Rivers	35 North Main Street City of Three Rivers, St. Joseph County
10-23-87	*Trenary State Bank	Trenary	206 Rock River Street Village of Chatham, Alger County
07-03-87	Old Kent Bank-Southeast	Trenton	12754 Dixie Highway Village of South Rockwood, Monroe County
07-03-87	Old Kent Bank-Southeast	Trenton	3133 Van Horn Road City of Trenton, Wayne County
07-03-87	Old Kent Bank-Southeast	Trenton	25000 Telegraph Road Brownstown Township, Wayne County
03-31-87	Trenton Bank and Trust Company	Trenton	3821 Van Horn Road City of Trenton, Wayne County
03-31-87	Trenton Bank and Trust Company	Trenton	20019 Sibley Road Brownstown Township, Wayne County
06-30-87	Republic Bank-Central	Williamston	1379 Mason Street Village of Dansville, Ingham County

*Re-established as offices of a National bank resulting from a consolidation or conversion.

BRANCH OFFICE RELOCATIONS

Date Effective	Name of Bank	City-Main Office	Locations Involved
04-06-87	Dearborn Bank and Trust Company	Dearborn	From: 22199 Michigan Avenue To: 22001 Garrison City of Dearborn, Wayne County
10-15-87	Dearborn Bank and Trust Company	Dearborn	From: One Parklane Boulevard To: 16201 Ford Road City of Dearborn, Wayne County
11-30-87	NBD Genesee Bank	Flint	From: 120 West First Street To: 210 West First Street City of Flint, Genesee County
08-03-87	First Macomb Bank	Mount Clemens	From: 26366 South River Road To: 39840 Bridgeview Avenue Harrison Township, Macomb County
08-28-87	The Onsted State Bank	Onsted	From: 200 Hyde Road To: 245 Hyde Road Columbia Township, Jackson County
10-13-87	Comerica Bank-Troy	Troy	From: 3016 West Walton Boulevard To: 3037 West Walton Boulevard Avon Township, Oakland County

CHANGE IN CORPORATE NAME

Effective Date	City-Main Office	From	To
06-01-87	Ann Arbor	Republic Bank of Ann Arbor	Republic Bank Ann Arbor
01-01-87	Bad Axe	NewCentury Bank-Thumb	First of America Bank-Thumb Area
08-01-87	Bay City	Manufacturers Bank of Bay City	Chemical Bank Bay Area
04-15-87	Bellaire	Bellaire State Bank	Republic Bank-North
01-01-87	East Lansing	East Lansing State Bank	Bank One, East Lansing
07-01-87	East Tawas	Michigan Bank-Huron	Huron Community Bank
08-01-87	Flint	Genesee Merchants Bank & Trust Co.	NBD Genesee Bank
01-01-87	Frankenmuth	NewCentury Bank	First of America Bank-Frankenmuth
09-01-87	Grand Haven	The Peoples Bank and Trust Company	NBD Grand Haven
01-01-87	Howell	NewCentury Bank-Metro West	First of America Bank-Livingston
03-01-87	Ionia	First Security Bank	Independent Bank
04-01-87	Lewiston	Lewiston State Bank	First of America Bank-Lewiston
01-01-87	Mt. Pleasant	NewCentury Bank-Mt. Pleasant	First of America Bank-Mt. Pleasant
01-01-87	Oscoda	NewCentury Bank-AuSable	First of America Bank-Oscoda
01-30-87	Richmond	Security Bank of Richmond	Security Bank Northeast
09-18-87	Shepherd	Comerica Bank-Central	Firstbank of Shepherd
12-27-86	Trenton	Security Bank of Trenton	Trenton Bank and Trust Company
07-01-87	Wayne	Wayne Bank	First of America Bank-Wayne
01-01-87	West Branch	NewCentury Bank-West Branch	First of America Bank-West Branch
05-15-87	Williamston	Peoples State Bank	Republic Bank-Central

SECTION 172 BANKS

A section 172 bank means a bank or national banking association which has on file with the Commissioner a written statement and certified resolution of the Board of Directors of the bank or national banking association authorizing the designation as a section 172 bank, except that not more than 6 banks or national banking associations controlled by a bank holding company shall at any time be section 172 banks. A bank designated a section 172 bank may consolidate with an existing bank and retain the offices of the bank being acquired. In addition, the 172 bank may designate a branching location which may differ from that of its principal place of business. Reference should be made to section 172 of the banking code of 1969, as amended, for a complete description of what is permissible for section 172 banks.

Date of Designation	Name of Bank	City-Main Office	Branching Designation
01-28-86	Chemical Bank Marshall (Now Chemical Bank South)	Marshall	
03-25-86	Fidelity Bank of Troy*	Troy	
04-03-86	The First National Bank at Manistique	Manistique	
04-11-86	Michigan National Bank-Farmington (Now Michigan National Bank)	Farmington Hills	
05-20-86	Security Bank and Trust Company	Southgate	41325 Ten Mile Road City of Novi, Oakland County
07-10-86	Security Bank of Richmond (Now Security Bank Northeast)	Richmond	201 East Third Street City of Imlay City, Lapeer County
07-25-86	First of America Bank-Wayne Oakland	Royal Oak	3001 West Big Beaver Road # City of Troy, Oakland County
08-26-86	First of America Bank-Michigan, National Association	Kalamazoo	99 Monroe Avenue, NW City of Grand Rapids, Kent County
08-26-86	Fidelity Bank of Michigan (Now Fidelity Bank)	Birmingham	24901 Northwestern Highway City of Southfield, Oakland County
10-31-86	The American National Bank in Portage*	Portage	
03-04-87	National Bank of Detroit	Detroit	Northfield Financial Tower, 900 Tower Drive City of Troy, Oakland County
03-10-87	NBD Cadillac Bank	Cadillac	
04-08-87	Manufacturers National Bank of Detroit	Detroit	
04-22-87	First of America Bank-Central	Lansing	
05-20-87	First of America Bank-Marquette, National Association	Marquette	
06-17-87	Bank of Lenawee	Adrian	
06-17-87	The First National Bank & Trust Company of Marquette	Marquette	
08-05-87	Independent Bank	Ionia	
08-07-87	Michigan Bank-Midwest	Jackson	
08-14-87	Union Bank and Trust Company, National Association (Now NBD Grand Rapids, National Association)	Grand Rapids	
08-27-87	Old Kent Bank and Trust Company	Grand Rapids	4433 Breton Road, SE, # City of Kentwood, Kent County
08-27-87	Independent Bank-South Michigan	Leslie	
09-01-87	Chemical Bank Bay Area	Bay City	
10-19-87	Independent Bank-West Michigan	Rockford	
11-06-87	First of America Bank-Straits Area	Cheboygan	

SECTION 172 BANKS - Continued

Date of Designation	Name of Bank	City-Main Office	Branching Designation
11-23-87	Old Kent Bank-Central	Owosso	
12-07-87	Commercial Savings Bank	Adrian	
12-07-87	Comerica Bank-Detroit	Detroit	4999 Crooks Road, City of Troy, Oakland County

#Designated branching location changed due to consolidation.

*No longer in existence as a result of a consolidation.

Note: Refer to the consolidation section of the Annual Report to see transactions completed with these institutions involving state banks. As of year-end 1987, some of the above banks had not completed any transactions as provided in section 172 of the banking code of 1969.

CONSOLIDATIONS

Date Effective	Name of Bank	City—Main Office
06-01-87	Security Bank of Almont Consolidated with and into Security Bank Northeast (a section 172 bank), Richmond, under the charter and name of Security Bank Northeast.	Almont
12-01-87	Chemical Bank Au Gres Consolidated with and into Chemical Bank Huron, Standish, under the charter and name of Chemical Bank Huron.	Au Gres
09-01-87	Michigan Bank-Livingston. Consolidated with and into Michigan National Bank (a section 172 bank), Farmington Hills, under the charter and name of Michigan National Bank.	Brighton
11-01-87	First of America Bank-Charlotte Consolidated with and into First of America Bank-Central (a section 172 bank), Lansing, under the charter and name of First of America Bank-Central.	Charlotte
08-31-87	NBD Ewart Bank, National Association Consolidated with and into NBD Cadillac Bank (a section 172 bank), Cadillac, under the charter and name of NBD Cadillac Bank.	Ewart
12-31-87	Old Kent Bank of Fremont. Consolidated with and into Old Kent Bank and Trust Company (a section 172 bank), Grand Rapids, under the charter and name of Old Kent Bank and Trust Company.	Fremont
12-31-87	First of America Bank-Grand Ledge Consolidated with and into First of America Bank-Central (a section 172 bank), Lansing, under the charter and name of First of America Bank-Central.	Grand Ledge
12-31-87	Old Kent Bank of Greenville Consolidated with and into Old Kent Bank and Trust Company (a section 172 bank), Grand Rapids, under the charter and name of Old Kent Bank and Trust Company.	Greenville
07-01-87	First of America Bank-Van Buren Consolidated with and into First of America Bank-Michigan, National Association (a section 172 bank), Kalamazoo, under the charter and name of First of America Bank-Michigan, National Association.	Hartford
12-31-87	Hillman State Bank (a section 172 bank) Consolidated with and into Presque Isle Bank, Rogers City, under the charter and name of Presque Isle Bank.	Hillman
06-30-87	Hudson State Savings Bank Consolidated with and into Bank of Lenawee (a section 172 bank), Adrian, under the charter and name of Bank of Lenawee.	Hudson
01-27-87	Security Bank Imlay City. Consolidated with and into Security Bank of Richmond (a section 172 bank), Richmond, under the charter of Security Bank of Richmond and under the name of Security Bank-Northeast.	Imlay City
12-31-87	Old Kent Bank of Kentwood Consolidated with and into Old Kent Bank and Trust Company (a section 172 bank), Grand Rapids, under the charter and name of Old Kent Bank and Trust Company.	Kentwood
05-01-87	Manufacturers Bank of Livonia Consolidated with and into Manufacturers National Bank of Detroit (a section 172 bank), Detroit, under the charter and name of Manufacturers National Bank of Detroit.	Livonia
05-01-87	Manufacturers Bank of Novi. Consolidated with and into Manufacturers National Bank of Detroit (a section 172 bank), Detroit, under the charter and name of Manufacturers National Bank of Detroit.	Novi
03-01-87	Michigan Bank-Port Huron. Consolidated with and into Michigan National Bank (a section 172 bank), Farmington Hills, under the charter and name of Michigan National Bank.	Port Huron
05-01-87	Manufacturers Bank of The Shores. Consolidated with and into Manufacturers National Bank of Detroit (a section 172 bank), Detroit, under the charter and name of Manufacturers National Bank of Detroit.	St. Clair Shores

CONSOLIDATIONS - Continued

Date Effective	Name of Bank	City-Main Office
08-01-87	First of America Bank-Bay Area. Consolidated with and into First of America Bank-Thumb Area, Bad Axe, under the charter and name of First of America Bank-Thumb Area.	Sebewaing
10-23-87	First of America Bank-Iron County Consolidated with and into First of America Bank-Marquette, National Association (a section 172 bank), Marquette, under the charter and name of First of America Bank-Marquette, National Association.	Stambaugh
10-23-87	Trenary State Bank. Consolidated with and into First National Bank & Trust Company of Marquette (a section 172 bank), Marquette, under the charter and name of First National Bank & Trust Company of Marquette.	Trenary
01-01-87	First of America Bank-Troy. Consolidated with and into First of America Bank-Wayne Oakland (a section 172 bank), Royal Oak, under the charter and name of First of America Bank-Wayne Oakland.	Troy

PURCHASE AND ASSUMPTION

Date Effective	Name of Bank	City-Main Office
12-30-87	The Morley State Bank Purchase of assets and assumption of liabilities by Independent Bank-West Michigan, Rockford, Michigan.	Morley

CONVERSIONS

Date Effective	Name of Bank	City-Main Office
07-06-87	Manufacturers Bank of Coopersville. Converted into a national banking association known as Manufacturers National Bank of Grand Rapids, Grand Rapids.	Coopersville
12-21-87	Manufacturers Bank of Saline. Converted into a national banking association known as Manufacturers National Bank of Ann Arbor, Ann Arbor.	Saline

INSTITUTIONS AUTHORIZED TO EXERCISE TRUST POWERS

Institutions authorized to exercise full trust powers in accordance with sections 181 through 186 of the Michigan banking code of 1969:

Name of Bank	City—Main Office	Name of Bank	City—Main Office
Bank of Alma	Alma	First of America Bank—Central	Lansing
First of America Bank—Alpena	Alpena	Lapeer County Bank & Trust Co.	Lapeer
Citizens Trust	Ann Arbor	Old Kent Bank of Ludington	Ludington
First of America Bank—Ann Arbor	Ann Arbor	First of America Bank—Manistee	Manistee
Comerica Bank—Battle Creek	Battle Creek	Chemical Bank and Trust Company	Midland
Inter-City Bank	Benton Harbor	Comerica Bank—Midland	Midland
Old Kent Bank of Big Rapids	Big Rapids	Monroe Bank & Trust	Monroe
Farmers State Bank of Breckenridge	Breckenridge	Security Bank of Monroe	Monroe
First of America Bank—Copper Country	Calumet	First Macomb Bank	Mount Clemens
Branch County Bank	Coldwater	Isabella Bank & Trust	Mount Pleasant
Dearborn Bank and Trust Company	Dearborn	First of America Bank—Muskegon	Muskegon
Comerica Bank—Detroit	Detroit	FMB—Lumberman's Bank	Muskegon
River Place Financial Corp.	Detroit	Old Kent Bank—Southwest	Niles
Bank One, East Lansing	East Lansing	Key State Bank	Owosso
Huron Community Bank	East Tawas	Old Kent Bank—Central	Owosso
Citizens Commercial & Savings Bank	Flint	Old Kent Bank of Petoskey	Petoskey
NBD Genesee Bank	Flint	First of America Bank—Wayne Oakland	Royal Oak
First of America Bank—Frankenmuth	Frankenmuth	The Commercial and Savings Bank of St. Clair County	St. Clair
The Old State Bank of Fremont	Fremont	Clinton Bank and Trust Company	St. Johns
Old Kent Bank of Grand Haven	Grand Haven	*The Peoples State Bank of St. Joseph	St. Joseph
NBD Grand Haven	Grand Haven	State Savings Bank of Scottville	Scottville
*Grand Bank	Grand Rapids	Security Bank and Trust Company	Southgate
Old Kent Bank and Trust Company	Grand Rapids	Citizens Trust and Savings Bank	South Haven
Commercial Bank	Greenville	Bank One, Sturgis	Sturgis
Liberty State Bank & Trust	Hamtramck	United Savings Bank of Tecumseh	Tecumseh
The Hastings City Bank	Hastings	Old Kent Bank—Grand Traverse	Traverse City
The Peninsula Bank	Ishpeming	Old Kent Bank—Southeast	Trenton
Comerica Bank—Kalamazoo	Kalamazoo	Trenton Bank and Trust Company	Trenton
*Old Kent Bank of Kalamazoo	Kalamazoo	Wyandotte Savings Bank	Wyandotte
Manufacturers Bank of Lansing	Lansing	FMB—First Michigan Bank	Zeeland

Institutions authorized to exercise specifically limited trust powers:

Name of Bank	City—Main Office	Name of Bank	City—Main Office
FMB—Community Bank	Dowagiac	Harbor Springs State Bank	Harbor Springs
State Savings Bank, Frankfort, Mich.	Frankfort	State Savings Bank	Lowell
Bank of Commerce	Hamtramck	G. W. Jones Exchange Bank	Marcellus
Peoples State Bank	Hamtramck	Kalamazoo County State Bank	Schoolcraft

*Granted full trust powers in 1987.

**TRUST SERVICES
AS OF DECEMBER 31, 1987**

State banks which have contracted with another bank (state banking corporation or national association) to either provide trust services in its name and for its account at one or more of the banking offices of the other bank or to permit a state or national bank having its principal office in this state and exercising full trust powers to carry on trust services at one or more of its banking offices pursuant to section 181a of the Michigan banking code of 1969.

Name of Host Bank	City—Main Office	Name of Provider Bank	City—Main Office
Bank of Lenawee	Adrian	Comerica Bank-Detroit	Detroit
Commercial Savings Bank	Adrian	Citizens Trust.	Ann Arbor
The Algonac Savings Bank.	Algonac	The Commercial and Savings Bank of St. Clair County	St. Clair
First of America Bank-Alpena.	Alpena	First of America Bank-Central	Lansing
NBD Alpena Bank	Alpena	National Bank of Detroit.	Detroit
Comerica Bank-Ann Arbor, N.A.	Ann Arbor	Comerica Bank-Detroit	Detroit
*First of America Bank-Thumb Area.	Bad Axe	First of America Bank-Bay City, N.A.	Bay City
*Chemical Bank Bay Area.	Bay City	Chemical Bank and Trust Company	Midland
Chemical Bank Gladwin County.	Beaverton	Chemical Bank and Trust Company	Midland
Old Kent Bank of Big Rapids	Big Rapids	Old Kent Bank and Trust Company	Grand Rapids
Fidelity Bank	Birmingham	National Bank of Detroit.	Detroit
The Blissfield State Bank	Blissfield	National Bank of Detroit.	Detroit
Old Kent Bank of Brighton	Brighton	Old Kent Bank and Trust Company	Grand Rapids
Chemical Bank West.	Cadillac	Chemical Bank and Trust Company	Midland
NBD Cadillac Bank	Cadillac	National Bank of Detroit.	Detroit
Old Kent Bank of Cadillac	Cadillac	Old Kent Bank and Trust Company	Grand Rapids
First of America Bank-Copper Country.	Calumet	First of America Bank-Marquette, N.A.	Marquette
The Peoples State Bank of Caro, Michigan.	Caro	NBD Genesee Bank.	Flint
State Savings Bank of Caro.	Caro	National Bank of Detroit.	Detroit
The Cass City State Bank.	Cass City	National Bank of Detroit.	Detroit
Chemical Bank Cass City }	Cass City	Chemical Bank and Trust Company	Midland
Charlevoix County State Bank.	Charlevoix	National Bank of Detroit.	Detroit
First State Bank of Charlevoix.	Charlevoix	Manufacturers National Bank of Detroit.	Detroit
Citizens National Bank of Cheboygan	Cheboygan	Comerica Bank Detroit	Detroit
First of America Bank-Straits Area.	Cheboygan	First of America Bank-Marquette, N.A.	Marquette
Chelsea State Bank.	Chelsea	NBD Ann Arbor, N.A.	Ann Arbor
Chemical Bank Clare	Clare	Chemical Bank and Trust Company	Midland
State Bank of Croswell.	Croswell	National Bank of Detroit.	Detroit
Sanilac County Bank	Deckerville	National Bank of Detroit.	Detroit
First of America Bank-Deerfield	Deerfield	First of America Bank-Ann Arbor	Ann Arbor
FMB-Community Bank.	Dowagiac	FMB-First Michigan Bank	Zeeland
Northwestern State Bank	East Jordan	Manufacturers National Bank of Detroit.	Detroit

TRUST SERVICES - Continued

Name of Host Bank	City-Main Office	Name of Provider Bank	City-Main Office
*Huron Community Bank.	East Tawas	Dearborn Bank and Trust Company	Lansing
State Bank of Escanaba.	Escanaba	First of America Bank-Michigan, N.A.	Kalamazoo
The Farwell State Savings Bank.	Farwell	National Bank of Detroit.	Detroit
State Savings Bank of Fenton.	Fenton	Comerica Bank-Detroit	Detroit
*NBD Genesee Bank.	Flint	National Bank of Detroit.	Detroit
Community State Bank of Fowlerville	Fowlerville	NBD Genesee Bank	Flint
*First of America Bank-Frankenmuth	Frankenmuth	First of America Bank-Bay City, N.A.	Bay City
The State Bank of Fraser.	Fraser	Security Bank and Trust Company	Southgate
First National Bank of Gaylord.	Gaylord	Comerica Bank-Detroit	Detroit
Old Kent Bank of Gaylord.	Gaylord	Old Kent Bank and Trust Company	Grand Rapids
First of America Bank-Mid Michigan.	Gladwin	First of America Bank-Central	Lansing
Old Kent Bank of Grand Blanc.	Grand Blanc	Old Kent Bank and Trust Company	Grand Rapids
*NBD Grand Haven.	Grand Haven	NBD Grand Rapids, N.A.	Grand Rapids
Old Kent Bank of Grand Haven.	Grand Haven	Old Kent Bank and Trust Company	Grand Rapids
*FMB-First Michigan Bank-Grand Rapids, N.A.	Grand Rapids	First Michigan Bank and Trust Company	Zeeland
Manufacturers National Bank of Grand Rapids	Grand Rapids	Manufacturers National Bank of Detroit.	Detroit
United Bank of Michigan	Grand Rapids	Manufacturers National Bank of Detroit.	Detroit
Chemical Bank North	Grayling	Chemical Bank and Trust Company	Midland
Grayling State Bank	Grayling	Manufacturers National Bank of Detroit.	Detroit
Commercial Bank	Greenville	NBD Grand Rapids, N.A.	Grand Rapids
Comerica Bank-Grosse Pointe, N.A.	Grosse Pointe	Comerica Bank-Detroit	Detroit
*Farmers and Merchants State Bank of Hale.	Hale	Key State Bank.	Owosso
Bank of Commerce.	Hamtramck	Security Bank and Trust Company	Southgate
Harbor Springs State Bank	Harbor Springs	Manufacturers National Bank of Detroit.	Detroit
Old Kent Bank of Hillsdale.	Hillsdale	Old Kent Bank and Trust Company	Grand Rapids
Old Kent Bank of Holland.	Holland	Old Kent Bank and Trust Company	Grand Rapids
*First of America Bank-Livingston.	Howell	First of America Bank-Bay City, N.A.	Bay City
Bank of Hudsonville	Hudsonville	NBD Grand Rapids, N.A.	Grand Rapids
Michigan Bank-Midwest	Jackson	Michigan National Bank.	Farmington Hills
*Old Kent Bank of Kalamazoo.	Kalamazoo	Old Kent Bank and Trust Company	Grand Rapids
Union Bank.	Lake Odessa	National Bank of Detroit.	Detroit
Comerica Bank-Lansing, N.A.	Lansing	Comerica Bank Detroit	Detroit
Manufacturers Bank of Lansing	Lansing	Manufacturers National Bank of Detroit.	Detroit
NBD Commerce Bank	Lansing	National Bank of Detroit.	Detroit
*Old Kent Bank of Lansing, N.A.	Lansing	Old Kent Bank and Trust Company	Grand Rapids

TRUST SERVICES -- Continued

Name of Host Bank	City--Main Office	Name of Provider Bank	City--Main Office
First of America Bank-Lapeer, N.A. . . .	Lapeer	First of America Bank-Bay City, N.A. . . .	Bay City
Comerica Bank-Livonia	Livonia	Comerica Bank-Detroit	Detroit
*Old Kent Bank of Ludington.	Ludington	Old Kent Bank and Trust Company	Grand Rapids
Antrim County State Bank.	Mancelona	National Bank of Detroit.	Detroit
The State Savings Bank of Manistique. .	Manistique	The First National Bank & Trust Company of Marquette.	Marquette
Chemical Bank South	Marshall	Chemical Bank and Trust Company	Midland
Mason State Bank.	Mason	Bank One, East Lansing.	East Lansing
First of America Bank-Menominee	Menominee	First of America Bank-Marquette, N.A. . .	Marquette
First Macomb Bank	Mount Clemens	National Bank of Detroit.	Detroit
First of America Bank-Mt. Pleasant. . .	Mt. Pleasant	First of America Bank-Bay City, N.A. . .	Bay City
Peoples State Bank of Munising.	Munising	First of America Bank-Marquette, N.A. .	Marquette
*Old Kent Bank-Southwest	Niles	Old Kent Bank and Trust Company	Grand Rapids
Pioneer Bank.	North Branch	National Bank of Detroit.	Detroit
First of America Bank-Oscoda.	Oscoda	First of America Bank-Bay City, N.A. . .	Bay City
Old Kent Bank-Central	Owosso	Old Kent Bank and Trust Company	Grand Rapids
Old Kent Bank of Petoskey	Petoskey	Old Kent Bank and Trust Company	Grand Rapids
Pontiac State Bank.	Pontiac	National Bank of Detroit.	Detroit
NBD Portage Bank.	Portage	National Bank of Detroit.	Detroit
Maynard-Allen State Bank.	Portland	NBD Grand Rapids, N.A.	Grand Rapids
Macomb County Bank.	Richmond	National Bank of Detroit.	Detroit
Security Bank Northeast	Richmond	Security Bank and Trust Company	Southgate
NBD Roscommon Bank.	Roscommon	National Bank of Detroit.	Detroit
NBD Saginaw	Saginaw	National Bank of Detroit.	Detroit
*NBD Saginaw	Saginaw	NBD Genesee Bank	Flint
Security Bank St. Clair Shores.	St. Clair Shores	Security Bank and Trust Company	Southgate
*Old Kent Bank of St. Johns.	St. Johns	Old Kent Bank and Trust Company	Grand Rapids
The Peoples State Bank of St. Joseph. .	St. Joseph	NBD Grand Rapids, N.A.	Grand Rapids
Manufacturers National Bank of Ann Arbor.	Ann Arbor	Manufacturers National Bank of Detroit. .	Detroit
NBD Sandusky Bank	Sandusky	National Bank of Detroit.	Detroit
Central Savings Bank.	Sault Ste. Marie	First National Bank and Trust Company . .	Petoskey
Comerica Bank-Southfield.	Southfield	Comerica Bank-Detroit	Detroit
The State Savings Bank of South Lyon. .	South Lyon	First of America Bank-Ann Arbor	Ann Arbor
*Chemical Bank Huron	Standish	Chemical Bank and Trust Company	Midland
State Bank of Standish.	Standish	Comerica Bank-Midland	Midland
Chemical Bank Montcalm.	Stanton	Chemical Bank and Trust Company	Midland
Bank of Stephenson.	Stephenson	National Bank of Detroit.	Detroit

TRUST SERVICES - Continued

Name of Host Bank	City-Main Office	Name of Provider Bank	City-Main Office
Comerica Bank-Metro East, N.A.	Sterling Heights	Comerica Bank-Detroit	Detroit
*Old Kent Bank-Grand Traverse.	Traverse City	Old Kent Bank and Trust Company	Grand Rapids
Old Kent Bank-Southeast	Trenton	Old Kent Bank and Trust Company	Grand Rapids
*Trenton Bank and Trust Company.	Trenton	Security Bank and Trust Company	Southgate
Comerica Bank-Troy.	Troy	Comerica Bank-Detroit	Detroit
Comerica Bank-Warren, N.A.	Warren	Comerica Bank-Detroit	Detroit
First of America Bank-Wayne	Wayne	First of America Bank-Ann Arbor	Ann Arbor
First of America Bank-West Branch	West Branch	First of America Bank-Bay City, N.A.	Bay City
Republic Bank-Central	Williamston	National Bank of Detroit.	Detroit
*Wyandotte Savings Bank.	Wyandotte	National Bank of Detroit.	Detroit
Ypsilanti Savings Bank.	Ypsilanti	Comerica Bank-Detroit	Detroit

*Entered into trust services agreements during 1987.

#Limited purpose trust services agreement providing for the transferring of accounts with "nonobjecting" clients to either bank.

BANK HOLDING COMPANIES

	1987	1986	1985	1984	1983	1982
TOTAL BANK HOLDING COMPANIES (BHCs)	86	76	59	55	49	40
Domestic Parent BHCs.	71	65				
Domestic Second Tier BHCs*.	8	6				
Nondomestic Parent BHCs**.	4	3				
Nondomestic Second Tier BHCs.	3	2				
Domestic One-Bank BHCs.	50	47	36	30	26	19
Domestic Multi-Bank BHCs.	21	18	23	25	23	21
Domestic Second Tier One-Bank BHCs.	3	2				
Domestic Second Tier Multi-Bank BHCs.	5	4				
Nondomestic One-Bank BHCs.	0	0				
Nondomestic Multi-Bank BHCs.	4	3				
Nondomestic Second Tier One-Bank BHCs.	3	2				
Nondomestic Second Tier Multi-Bank BHCs.	0	0				
TOTAL BANK HOLDING COMPANY BANKS.	259	251				
Domestic Banks controlled by Domestic BHCs.	213	239	231	228	219	208
State Banks	143	154	142	143	134	124
Controlled by One-Bank BHCs.	30	31	24	20	18	12
Controlled by Second Tier One-Bank BHCs.	1	1				
Controlled by Multi-Bank BHCs.	110	116	118	123	116	112
Controlled by Second Tier Multi-Bank BHCs.	2	6				
National Banks.	70	85	89	85	85	84
Controlled by One Bank BHCs.	20	17	12	10	8	7
Controlled by Second Tier One-Bank BHCs.	1	1				
Controlled by Multi-Bank BHCs.	47	63	77	75	77	77
Controlled by Second Tier Multi-Bank BHCs.	2	4				
Nondomestic Banks Controlled by Domestic BHCs.	35	10				
Controlled by One-Bank BHCs.	0	0				
Controlled by Second Tier One-Bank BHCs.	1	1				
Controlled by Multi-Bank BHCs.	15	7				
Controlled by Second Tier Multi-Bank BHCs.	19	2				
Domestic Banks controlled by Nondomestic BHCs.	11	3				
State Banks						
Controlled by Second Tier One-Bank BHCs.	0	0				
Controlled by Multi-Bank BHCs.	2	1				
Controlled by Second Tier Multi-Bank BHCs.	7	1				
National Banks						
Controlled by Second Tier One-Bank BHCs.	0	1				
Controlled by Multi-Bank BHCs.	1	0				
Controlled by Second Tier Multi-Bank BHCs.	1	0				
TOTAL BHC BANK DEPOSITS OF BHCs (Billions of Dollars)	68.3	60.0	53.1	48.4	44.3	39.7
Deposits of Michigan BHC Banks owned by Domestic BHCs. . .	61.1	58.1				
Deposits of Nondomestic BHC banks owned by Domestic BHCs. .	5.6	1.4				
Deposits of Domestic BHC banks owned by Nondomestic BHCs. .	1.6	0.5				

* Second Tier BHC is defined as a bank holding company owned by a parent corporation which is itself a bank holding company.

**Nondomestic is defined as a BHC or bank domiciled outside of Michigan.

INTRASTATE ACQUISITIONS - 1987

Bank Holding Company/Subsidiary Name	City and State	Date Acquired
1ST COMMUNITY BANCORP, INC. Sparta State Bank	Sparta, MI Sparta, MI	04/06/87
ALLIANCE FINANCIAL CORPORATION Huron Community Bank	Dearborn, MI East Tawas, MI	07/01/87
ANTRIM FINANCIAL CORPORATION Antrim County State Bank	Mancelona, MI Mancelona, MI	01/26/87
ARCADIA FINANCIAL CORPORATION Arcadia Bank	Kalamazoo, MI Kalamazoo, MI	06/22/87
BLISSFIELD BANK CORPORATION The Blissfield State Bank	Blissfield, MI Blissfield, MI	12/31/87
CCSB CORPORATION Charlevoix County State Bank	Charlevoix, MI Charlevoix, MI	06/08/87
CENTRAL BANK CORPORATION Central Savings Bank	Sault Ste. Marie, MI Sault Ste. Marie, MI	11/25/87
CENTRAL-STATE BANCORP, INC. State Savings Bank, Frankfort, Mich. Central State Bank	Frankfort, MI Frankfort, MI Beulah, MI	12/01/87 12/01/87
CHEMICAL FINANCIAL CORPORATION Chemical Bank Bay Area Chemical Bank Huron	Midland, MI Bay City, MI Standish, MI	08/01/87 12/01/87
COMERICA INCORPORATED MetroBanc, National Association	Detroit, MI Grand Rapids, MI	07/27/87
EASTERN MICHIGAN FINANCIAL CORPORATION Sanilac County Bank	Croswell, MI Deckerville, MI	12/31/87
EMPIRE BANC CORPORATION The Empire National Bank of Traverse City	Traverse City, MI Traverse City, MI	05/31/87
FIRST MICHIGAN BANK CORPORATION FMB-Reed City Bank	Zeeland, MI Reed City, MI	12/31/87
FIRST NATIONAL BANK CORP. First National Bank in Mount Clemens	Mount Clemens, MI Mount Clemens, MI	04/30/87
FIRST OF AMERICA BANK CORPORATION First of America Bank-Lewiston First of America Bank-Wayne First of America Bank-Manistee	Kalamazoo, MI Lewiston, MI Wayne, MI Manistee, MI	04/01/87 06/30/87 12/31/87
FIRSTBANK CORP. Firstbank of Shepherd Bank of West Branch, National Association	Alma, MI Shepherd, MI West Branch, MI	09/18/87 09/18/87
HOUGHTON FINANCIAL, INC. Houghton National Bank	Houghton, MI Houghton, MI	05/31/87

INTRASTATE ACQUISITIONS - 1987

Bank Holding Company/Subsidiary Name	City and State	Date Acquired
ICNB FINANCIAL CORP. The Ionia County National Bank of Ionia	Ionia, MI Ionia, MI	02/27/87
NBD BANCORP, INC. NBD Battle Creek, National Association	Detroit, MI Battle Creek, MI	06/15/87
NORTHERN FINANCIAL INC. Presque Isle Bank	Rogers City, MI Rogers City, MI	12/15/87
REPUBLIC BANCORP, INC. Republic Bank Ann Arbor	Ann Arbor, MI Ann Arbor, MI	06/01/87
SHORELINE FINANCIAL CORPORATION Citizens Trust and Savings Bank Inter-City Bank	Benton Harbor, MI South Haven, MI Benton Harbor, MI	12/24/87 12/24/87

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES

December 31, 1987

(000s Omitted)

1ST COMMUNITY BANCORP, INC.
109 East Division, Box 186
Sparta, MI 49345
PHONE: 616-887-7366

SUBSIDIARY NAME
Sparta State Bank

CITY AND STATE
Sparta, MI

ACQUIRED
04/06/87

DEPOSITS
\$ 69,510

ALLIANCE FINANCIAL CORPORATION
23400 Michigan Avenue, Suite 233
Dearborn, MI 48124
PHONE: 313-277-5780

SUBSIDIARY NAME
Dearborn Bank and Trust Company
Huron Community Bank

CITY AND STATE
Dearborn, MI
East Tawas, MI

ACQUIRED
10/01/83
07/01/87

DEPOSITS
\$ 245,606
\$ 48,797

\$ 294,403

ANTRIM FINANCIAL CORPORATION
107 East State Street, Box 649
Mancelona, MI 49659
PHONE: 616-587-9123

SUBSIDIARY NAME
Antrim County State Bank

CITY AND STATE
Mancelona, MI

ACQUIRED
01/26/87

DEPOSITS
\$ 27,710

ARCADIA FINANCIAL CORPORATION
251 East Michigan Avenue
Kalamazoo, MI 49007
PHONE: 616-349-0900

SUBSIDIARY NAME
Arcadia Bank

CITY AND STATE
Kalamazoo, MI

ACQUIRED
06/22/87

DEPOSITS
\$ 7,771

ASB BANCORP, INC.
202 West Maumee Street, P. O. Box 337
Adrian, MI 49221
PHONE: 517-265-8125

SUBSIDIARY NAME
Adrian State Bank

CITY AND STATE
Adrian, MI

ACQUIRED
10/01/86

DEPOSITS
\$ 69,459

BAY PORT ASSOCIATES
6606 Main Street, Box 69
Caseville, MI 48725
PHONE: 517-656-2231

SUBSIDIARY NAME
Bay Port State Bank

CITY AND STATE
Bay Port, MI

ACQUIRED
01/01/70

DEPOSITS
\$ 11,271

BLISSFIELD BANK CORPORATION
204 East Jefferson Street, Box 40
Blissfield, MI 49228
PHONE: 517-486-4314

SUBSIDIARY NAME
The Blissfield State Bank

CITY AND STATE
Blissfield, MI

ACQUIRED
12/31/87

DEPOSITS
\$ 38,932

C.F.C. BANCORP, INC.
123 Superior Avenue
Crystal Falls, MI 49920
PHONE: 906-875-4505

SUBSIDIARY NAME
First National Bank of Crystal Falls

CITY AND STATE
Crystal Falls, MI

ACQUIRED
07/01/85

DEPOSITS
\$ 39,180

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES

December 31, 1987

(000s Omitted)

CB FINANCIAL CORPORATION

One Jackson Square
Jackson, MI 49201
PHONE: 517-788-2705

SUBSIDIARY NAME
City Bank and Trust Company, National Association
Clinton Bank and Trust Company

CITY AND STATE
Jackson, MI
St. Johns, MI

ACQUIRED
08/07/81
12/31/83

DEPOSITS
\$ 314,990
\$ 133,370

\$ 448,360

CCSB CORPORATION

227 Bridge Street, Box 188
Charlevoix, MI 49720
PHONE: 616-547-6506

SUBSIDIARY NAME
Charlevoix County State Bank

CITY AND STATE
Charlevoix, MI

ACQUIRED
06/08/87

DEPOSITS
\$ 46,717

CENTRAL BANK CORPORATION

511 Bingham Avenue
Sault Ste. Marie, MI 49783
PHONE: 906-635-6250

SUBSIDIARY NAME
Central Savings Bank

CITY AND STATE
Sault Ste. Marie, MI

ACQUIRED
11/25/87

DEPOSITS
\$ 47,646

CENTRAL-STATE BANCORP, INC.

Box 311
Frankfort, MI 49635
PHONE: 616-352-9691

SUBSIDIARY NAME
Central State Bank
State Savings Bank, Frankfort, Mich.

CITY AND STATE
Beulah, MI
Frankfort, MI

ACQUIRED
12/01/87
12/01/87

DEPOSITS
\$ 18,926
\$ 25,174

\$ 44,100

CHARTER NATIONAL BANCORP, INC.

23455 Eureka Road, Box 400
Taylor, MI 48180
PHONE: 313-285-1900

SUBSIDIARY NAME
Charter National Bank

CITY AND STATE
Taylor, MI

ACQUIRED
12/31/86

DEPOSITS
\$ 129,538

CHEMICAL FINANCIAL CORPORATION

333 East Main Street, Box 569
Midland, MI 48640-0569
PHONE: 517-631-3310

SUBSIDIARY NAME
Chemical Bank and Trust Company
Chemical Bank Gladwin County
Chemical Bank South
Chemical Bank Clare
Chemical Bank Montcalm
Chemical Bank Cass City
Chemical Bank North
Chemical Bank West
Chemical Bank Bay Area
Chemical Bank Huron

CITY AND STATE
Midland, MI
Beaverton, MI
Marshall, MI
Clare, MI
Stanton, MI
Cass City, MI
Grayling, MI
Cadillac, MI
Bay City, MI
Standish, MI

ACQUIRED
06/30/74
06/23/77
07/31/78
12/31/79
12/31/81
09/30/82
08/31/84
12/16/85
08/01/87
12/01/87

DEPOSITS
\$ 394,352
\$ 38,991
\$ 39,084
\$ 116,904
\$ 66,030
\$ 25,516
\$ 43,064
\$ 54,752
\$ 98,703
\$ 30,315

\$ 907,711

CITIZENS BANCSHARES, INC.

501 River Street, Box 187
Ontonagon, MI 49953
PHONE: 906-884-4165

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES

December 31, 1987

(000s Omitted)

CITIZENS BANCSHARES, INC. - Cont.

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The Citizens State Bank of Ontonagon	Ontonagon, MI	08/31/84	\$ 23,155

CITIZENS BANKING CORPORATION
One Citizens Banking Center
Flint, MI 48502
PHONE: 313-766-7500

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Citizens Commercial & Savings Bank	Flint, MI	01/01/82	\$ 956,229
Grayling State Bank	Grayling, MI	07/02/84	\$ 40,864
State Bank of Standish	Standish, MI	01/23/85	\$ 102,615
Commercial National Bank of Berwyn	Berwyn, IL	05/01/87	\$ 181,255

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Second National Bank of Bay City	Saginaw, MI	12/18/85	\$ 73,897
Second National Bank of Saginaw	Bay City, MI	12/18/85	\$ 538,105
	Saginaw, MI		\$ 1,892,965

CNB CORPORATION
303 North Main Street, Box 10
Cheboygan, MI 49721
PHONE: 616-627-7111

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Citizens National Bank of Cheboygan	Cheboygan, MI	12/31/85	\$ 105,130

COMERICA INCORPORATED
211 West Fort Street
Detroit, MI 48275
PHONE: 313-222-3300

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Comerica Bank-Detroit	Detroit, MI	05/31/73	\$ 5,714,440
Comerica Bank-Livonia	Livonia, MI	08/30/74	\$ 159,007
Comerica Bank-Southfield	Southfield, MI	05/01/75	\$ 188,754
Comerica Bank-Warren, National Association	Warren, MI	05/31/75	\$ 328,195
Comerica Bank-Troy	Troy, MI	07/17/75	\$ 206,843
Comerica Bank-Grand Rapids, National Association	Grand Rapids, MI	08/31/77	\$ 55,809
Comerica Bank-Hackley, National Association	Muskegon, MI	11/30/77	\$ 290,905
Comerica Bank-Metro East, National Association	Sterling Heights, MI	04/01/78	\$ 142,646
Comerica Bank-Metro West, National Association	Novi, MI	01/31/80	\$ 77,777
Comerica Bank-Kalamazoo	Kalamazoo, MI	07/31/80	\$ 212,240
Comerica Bank-Midland	Midland, MI	07/01/81	\$ 131,426
Comerica Bank-Battle Creek	Battle Creek, MI	09/01/81	\$ 137,929
Comerica Bank-Ann Arbor, National Association	Ann Arbor, MI	05/01/82	\$ 176,590
Comerica Bank-Jackson, National Association	Jackson, MI	09/01/82	\$ 339,422
Comerica Bank-Grosse Pointe, National Association	Grosse Pointe, MI	11/01/82	\$ 46,894
Comerica Bank-Lansing, National Association	Lansing, MI	06/12/85	\$ 10,592
MetroBanc, National Association	Grand Rapids, MI	07/27/87	\$ 313,914
			\$ 8,533,383

COMMUNITY FINANCIAL CORPORATION
112 North Huron Avenue, Box 67
Harbor Beach, MI 48441
PHONE: 517-479-3218

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Huron County Bank	Harbor Beach, MI	12/01/86	\$ 29,870

CSB FINANCIAL CORPORATION
205 South Lafayette, Box 227
Greenville, MI 48838
PHONE: 616-754-7111

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES

December 31, 1987
(000s Omitted)

CSB FINANCIAL CORPORATION - Cont.

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Commercial Bank	Greenville, MI	04/01/86	\$ 60,108

EASTERN MICHIGAN FINANCIAL CORPORATION
65 North Howard Street, Box 195
Croswell, MI 48422
PHONE: 313-679-2500

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
State Bank of Croswell	Croswell, MI	01/07/85	\$ 60,749
Sanilac County Bank	Deckerville, MI	12/31/87	\$ 32,167

			\$ 92,916

EMPIRE BANK CORPORATION
1227 East Front Street, Box 1220
Traverse City, MI 49684
PHONE: 616-947-2111

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The Empire National Bank of Traverse City	Traverse City, MI	05/31/87	\$ 195,239

ERIE FINANCIAL CORP.
1535 North Telegraph Road, Box C
Monroe, MI 48161
PHONE: 313-242-8600

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Erie State Bank	Frenchtown Township, MI	09/26/84	\$ 56,324

FIDELITY FINANCIAL CORPORATION OF MICHIGAN
1040 East Maple
Birmingham, MI 48012
PHONE: 313-642-1955

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Fidelity Bank	Birmingham, MI	03/01/73	\$ 104,247

FIRST INDEPENDENCE CORPORATION
234 State Street
Detroit, MI 48226
PHONE: 313-256-8200

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First Independence National Bank of Detroit	Detroit, MI	12/31/86	\$ 75,728

FIRST MACOMB BANCORP, INC.
One North Gratiot Avenue
Mount Clemens, MI 48043
PHONE: 313-469-6111

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First Macomb Bank	Mount Clemens, MI	09/30/82	\$ 293,927

FIRST MANISTIQUE CORPORATION
130 South Cedar Street, Box 369
Manistique, MI 49854
PHONE: 906-341-2188

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The First National Bank at Manistique	Manistique, MI	01/29/76	\$ 34,663

FIRST MICHIGAN BANK CORPORATION
101 East Main Street, Box 300
Zeeland, MI 49464
PHONE: 616-396-9000

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES

December 31, 1987

(000s Omitted)

FIRST MICHIGAN BANK CORPORATION - Cont.

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
FMB-First Michigan Bank	Zeeland, MI	03/01/74	\$ 421,888
FMB-First Michigan Bank-Grand Rapids, National Association	Grand Rapids, MI	09/15/75	\$ 79,169
FMB-Community Bank	Dowagiac, MI	12/31/76	\$ 52,133
FMB-Lumberman's Bank	Muskegon, MI	01/30/79	\$ 185,413
FMB-Oceana Bank	Hart, MI	06/18/84	\$ 56,978
FMB-State Savings Bank	Lowell, MI	12/29/86	\$ 62,498
FMB-Reed City Bank	Reed City, MI	12/31/87	\$ 44,636
			\$ 902,715

FIRST NATIONAL BANCSHARES, INC.
Suite 500, 241 Building, Box 1007
East Lansing, MI 48823
PHONE: 517-337-1373

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First National Bank of Michigan	East Lansing, MI	12/10/81	\$ 60,386

FIRST NATIONAL BANK CORP.
49 Macomb Place, Box 248
Mount Clemens, MI 48043
PHONE: 313-465-2400

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First National Bank In Mount Clemens	Mount Clemens, MI	04/30/87	\$ 280,161

FIRST OF AMERICA BANK CORPORATION
108 East Michigan Avenue
Kalamazoo, MI 49007
PHONE: 616-383-9000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First of America Bank-Michigan, National Association	Kalamazoo, MI	03/20/72	\$ 785,703
First of America Bank-Deerfield	Deerfield, MI	03/20/72	\$ 40,454
First of America Bank-Copper Country	Calumet, MI	03/23/72	\$ 57,333
First of America Bank-Holland, National Association	Holland, MI	03/26/73	\$ 103,803
First of America Bank-Straits Area	Cheboygan, MI	05/11/73	\$ 77,357
First of America Bank-Menominee	Menominee, MI	06/04/73	\$ 32,441
First of America Bank-Central	Lansing, MI	10/01/73	\$ 464,409
First of America Bank-Gogebic, National Association	Ironwood, MI	12/13/73	\$ 62,432
First of America Bank-Sault Ste. Marie, National Association	Sault Ste. Marie, MI	05/08/74	\$ 48,479
First of America Bank-Ann Arbor	Ann Arbor, MI	04/30/75	\$ 429,462
First of America Bank-Grand Traverse, National Association	Traverse City, MI	09/29/75	\$ 70,769
First of America Bank-Ludington, National Association	Ludington, MI	12/03/76	\$ 55,972
First of America Bank-Muskegon	Muskegon, MI	06/01/77	\$ 240,140
First of America Bank-Petoskey, National Association	Petoskey, MI	12/31/79	\$ 24,665
First of America Bank-Marquette, National Association	Marquette, MI	06/20/80	\$ 90,332
First of America Bank-Wayne Oakland	Royal Oak, MI	07/01/80	\$ 664,087
First of America Bank-South Central, National Association	Quincy, MI	09/29/80	\$ 56,762
First of America Bank-Detroit, National Association	Detroit, MI	10/09/81	\$ 919,509
First of America Bank-Plymouth, National Association	Plymouth, MI	10/09/81	\$ 75,372
First of America Bank-Rochester, National Association	Rochester, MI	10/09/81	\$ 61,498
First of America Bank-Mid Michigan	Gladwin, MI	10/01/82	\$ 86,225
First of America Bank-Oakland Macomb, National Association	Pontiac, MI	07/01/85	\$ 537,897
First of America Bank-Alpena	Alpena, MI	12/31/85	\$ 113,192
First of America Bank-Lapeer, National Association	Lapeer, MI	12/31/86	\$ 82,393
First of America Bank-Bay City, National Association	Bay City, MI	12/31/86	\$ 311,961
First of America Bank-Thumb Area	Bad Axe, MI	12/31/86	\$ 115,677
First of America Bank-Livingston	Howell, MI	12/31/86	\$ 100,947
First of America Bank-Frankenmuth	Frankenmuth, MI	12/31/86	\$ 268,626
First of America Bank-West Branch	West Branch, MI	12/31/86	\$ 59,198
First of America Bank-Oscoda	Oscoda, MI	12/31/86	\$ 33,507
First of America Bank-Mt. Pleasant	Mt. Pleasant, MI	12/31/86	\$ 64,584
First of America Bank-Lewiston	Lewiston, MI	04/01/87	\$ 52,673
First of America Bank-Wayne	Wayne, MI	06/30/87	\$ 87,241

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES

December 31, 1987

(000s Omitted)

FIRST OF AMERICA BANK CORPORATION - Cont.

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First of America Bank-Manistee	Manistee, MI	12/31/87	\$ 99,285
FIRST OF AMERICA BANCORPORATION-ILLINOIS, INC.	Libertyville, IL		
First of America Bank-Vernon Hills	Vernon Hills, IL	12/31/86	\$ 21,295
First of America Bank-Mundelein, National Association	Mundelein, IL	12/31/86	\$ 64,679
First of America Bank-Golf Mill	Niles, IL	12/31/86	\$ 107,426
First of America Bank-Grayslake, National Association	Grayslake, IL	12/31/86	\$ 74,076
First of America Bank-Libertyville, National Association	Libertyville, IL	12/31/86	\$ 103,862
First of America Bank-Zion	Zion, IL	12/31/86	\$ 92,991
Illinois Trust & Savings Bank	Ottawa, IL	06/01/87	\$ 32,286
First of America Bank-Kankakee, National Association	Kankakee, IL	06/01/87	\$ 142,912
First of America Bank-Belvidere	Belvidere, IL	06/30/87	\$ 26,093
First of America Bank-Rockford, National Association	Rockford, IL	06/30/87	\$ 173,501
FIRST OF AMERICA BANK CORPORATION-INDIANA	Indianapolis, IN		
First of America Bank-Indianapolis	Indianapolis, IN	11/28/86	\$ 261,385
First of America Bank-La Porte, National Association	La Porte, IN	12/12/86	\$ 129,386

			\$ 7,604,277

FIRST OF CHARLEVOIX CORP.
111 State Street, Box 58
Charlevoix, MI 49720
PHONE: 616-547-9916

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First State Bank of Charlevoix	Charlevoix, MI	04/18/86	\$ 28,756

FIRST OF HURON CORP.
One East Huron Avenue
Bad Axe, MI 48413
PHONE: 517-269-9531

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First National Bank of Bad Axe	Bad Axe, MI	12/28/81	\$ 64,295

FIRST STATE FINANCIAL CORPORATION
22556 Gratiot Avenue
East Detroit, MI 48021
PHONE: 313-775-5000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First State Bank of East Detroit	East Detroit, MI	02/28/81	\$ 227,987
Macomb County Bank	Richmond, MI	01/28/82	\$ 53,762

			\$ 281,749

FIRSTBANK CORP.
311 Woodworth Avenue, Box 191
Alma, MI 48801
PHONE: 517-463-3131

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Bank of Alma	Alma, MI	12/31/85	\$ 119,255
Firstbank of Shepherd	Shepherd, MI	09/18/87	\$ 21,407
Bank of West Branch, National Association	West Branch, MI	09/18/87	\$ 12,804

			\$ 153,466

HARBOR COUNTRY BANKING CORPORATION
Three North Elm Street
Three Oaks, MI 49128
PHONE: 616-756-2871

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The Bank of Three Oaks	Three Oaks, MI	09/30/83	\$ 58,895

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES

December 31, 1987

(000s Omitted)

HARBOR COUNTRY BANKING CORPORATION - Cont.

SUBSIDIARY NAME
Heritage BankCITY AND STATE
Oronoko Township, MIACQUIRED
12/15/86DEPOSITS
\$ 6,550

\$ 65,445HARBOR SPRINGS FINANCIAL CORPORATION
200 East Main Street
Harbor Springs, MI 49740
PHONE: 616-526-2114SUBSIDIARY NAME
Harbor Springs State BankCITY AND STATE
Harbor Springs, MIACQUIRED
02/01/83DEPOSITS
\$ 32,481HCB FINANCIAL CORP.
150 West Court Street, Box 70
Hastings, MI 49058
PHONE: 616-945-2401SUBSIDIARY NAME
The Hastings City BankCITY AND STATE
Hastings, MIACQUIRED
01/01/86DEPOSITS
\$ 90,430HOUGHTON FINANCIAL, INC.
600 Sheldon Avenue, Box 279
Houghton, MI 49931
PHONE: 906-482-5500SUBSIDIARY NAME
Houghton National BankCITY AND STATE
Houghton, MIACQUIRED
05/31/87DEPOSITS
\$ 43,985ICNB FINANCIAL CORP.
302 West Main Street
Ionia, MI 48846
PHONE: 616-527-0220SUBSIDIARY NAME
The Ionia County National Bank of IoniaCITY AND STATE
Ionia, MIACQUIRED
02/27/87DEPOSITS
\$ 87,537INDEPENDENT BANK CORPORATION
230 West Main Street, Box 491
Ionia, MI 48846
PHONE: 616-527-9450SUBSIDIARY NAME
Independent Bank
Independent Bank-West Michigan
Independent Bank-South MichiganCITY AND STATE
Ionia, MI
Rockford, MI
Leslie, MIACQUIRED
06/01/74
08/21/75
02/16/81DEPOSITS
\$ 112,296
\$ 72,111
\$ 73,619

\$ 258,026LAKEVIEW FINANCIAL CORP.
506 Lincoln Avenue, Box 127
Lakeview, MI 48850
PHONE: 517-352-7271SUBSIDIARY NAME
Bank of LakeviewCITY AND STATE
Lakeview, MIACQUIRED
12/31/86DEPOSITS
\$ 49,855MANUFACTURERS NATIONAL CORPORATION
Manufacturers Bank Tower, Renaissance Center
Detroit, MI 48243
PHONE: 313-222-4000SUBSIDIARY NAME
Manufacturers National Bank of DetroitCITY AND STATE
Detroit, MIACQUIRED
04/24/73DEPOSITS
\$ 6,030,732

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES

December 31, 1987

(000s Omitted)

MANUFACTURERS NATIONAL CORPORATION - Cont..

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Manufacturers National Bank of Ann Arbor	Ann Arbor, MI	06/03/74	\$ 107,308
Manufacturers Bank of Lansing	Lansing, MI	01/30/81	\$ 275,415
Affiliated Bank/North Shore National	Chicago, IL	10/31/87	\$ 238,117
Affiliated Bank/Franklin Park	Franklin Park, IL	10/31/87	\$ 213,863
Affiliated Bank/Burlington	Burlington, IL	10/31/87	\$ 20,108
Affiliated Bank/Morton Grove	Morton Grove, IL	10/31/87	\$ 93,128
Affiliated Bank/DuPage	Addison, IL	10/31/87	\$ 25,488
Affiliated Bank/Western National	Cicero, IL	10/31/87	\$ 197,005

AMERICAN HERITAGE BANCSHARES, INC.	Detroit, MI		
Manufacturers National Bank of Grand Rapids	Grand Rapids, MI	06/13/79	\$ 61,594
			\$ 7,262,758

MARQUETTE COUNTY FINANCIAL CORPORATION

350 Iron Street, Box 668

Negaunee, MI 49866

PHONE: 906-475-4151

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The First National Bank of Negaunee	Negaunee, MI	07/31/86	\$ 53,010

METRO BANCORP, INC.

27500 Farmington Road

Farmington Hills, MI 48318

PHONE: 313-553-4200

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Metropolitan National Bank of Farmington	Farmington Hills, MI	01/01/82	\$ 41,921

MICHIGAN FINANCIAL CORPORATION

101 West Washington Street

Marquette, MI 49855

PHONE: 906-228-6940

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The First National Bank of Hermansville	Hermansville, MI	10/01/73	\$ 21,233
First National Bank & Trust Company	Escanaba, MI	10/01/73	\$ 98,771
The Miners' First National Bank & Trust Company of Ishpeming	Ishpeming, MI	10/01/73	\$ 61,647
The First National Bank & Trust Company of Marquette	Marquette, MI	10/01/73	\$ 193,930
First National Bank of Ironwood	Ironwood, MI	12/31/74	\$ 63,569
The Iron River National Bank	Iron River, MI	06/01/77	\$ 40,937
First National Bank and Trust of Menominee	Menominee, MI	12/31/81	\$ 58,373
			\$ 538,460

MICHIGAN NATIONAL CORPORATION

30665 Northwestern Highway, Box 9065

Farmington Hills, MI 48018-9065

PHONE: 313-626-8200

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Michigan National Bank	Farmington Hills, MI	06/27/77	\$ 6,851,694
Michigan Bank-Mid South	Litchfield, MI	12/31/79	\$ 38,273
Michigan Bank-Midwest	Jackson, MI	09/17/81	\$ 78,138
Independence One Bank, National Association	Rapid City, SD	11/03/86	\$ 1,751
			\$ 6,969,856

NBD BANCORP, INC.

611 Woodward Avenue

Detroit, MI 48226

PHONE: 313-225-1000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
National Bank of Detroit	Detroit, MI	01/01/73	\$10,850,031

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES

December 31, 1987
(000s Omitted)

NBD BANCORP, INC. - Cont.

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
NBD Grand Rapids, National Association	Grand Rapids, MI	03/10/73	\$ 879,537
NBD Dearborn Bank, National Association	Dearborn, MI	06/04/74	\$ 4,734
NBD Grand Haven	Grand Haven, MI	09/16/74	\$ 127,266
NBD Commerce Bank	Lansing, MI	09/02/75	\$ 83,703
NBD Petoskey, National Association	Petoskey, MI	04/01/76	\$ 132,793
NBD Saginaw	Saginaw, MI	11/01/78	\$ 134,158
NBD Portage Bank	Portage, MI	04/12/79	\$ 20,790
NBD Alpena Bank	Alpena, MI	08/01/79	\$ 119,444
NBD Monroe County Bank	Dundee, MI	12/31/79	\$ 35,399
NBD F & M Bank, National Association	Benton Harbor, MI	01/03/80	\$ 194,836
NBD Cadillac Bank	Cadillac, MI	08/01/80	\$ 205,662
NBD Ann Arbor, National Association	Ann Arbor, MI	06/01/81	\$ 297,905
NBD Sandusky Bank	Sandusky, MI	12/31/81	\$ 104,489
NBD Roscommon Bank	Roscommon, MI	12/31/81	\$ 133,046
NBD Northwest Bank, National Association	Traverse City, MI	03/09/84	\$ 130,434
Pontiac State Bank	Pontiac, MI	08/27/84	\$ 623,341
Community State Bank of Fowlerville	Fowlerville, MI	03/28/85	\$ 28,024
NBD Genesee Bank	Flint, MI	03/28/85	\$ 817,477
The Peoples State Bank of Caro, Michigan	Caro, MI	03/28/85	\$ 32,769
Peoples Bank of Port Huron	Port Huron, MI	05/01/86	\$ 269,326
NBD Battle Creek, National Association	Battle Creek, MI	06/15/87	\$ 525
The Bank & Trust Company of Arlington Heights	Arlington Heights, IL	12/17/87	\$ 202,934
State National Bank in Evanston	Evanston, IL	12/17/87	\$ 408,276
 MIDWEST COMMERCE CORPORATION	Elkhart, IN		
Midwest Commerce Banking Company	Elkhart, IN	06/30/86	\$ 500,199
 USAMERIBANCs, INC.	Bannockburn, IL		
NBD Skokie Bank, National Association	Skokie, IL	02/28/87	\$ 343,209
NBD Park Ridge Bank	Park Ridge, IL	02/28/87	\$ 523,428
NBD Highland Park Bank, National Association	Highland Park, IL	02/28/87	\$ 379,897
NBD Chicago Bank	Chicago, IL	02/28/87	\$ 119,820
NBD Woodfield Bank	Schaumburg, IL	02/28/87	\$ 123,055
NBD Elk Grove Bank	Elk Grove Village, IL	02/28/87	\$ 235,474
 OMNIBANK CORP.	Wyandotte, MI		
Wyandotte Savings Bank	Wyandotte, MI	12/31/86	\$ 340,265
			\$18,402,246

NORTHERN FINANCIAL INC.
111 West Michigan Avenue
Rogers City, MI 49779
PHONE: 517-734-2161

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Presque Isle Bank	Rogers City, MI	12/15/87	\$ 51,398

NORTHWESTERN BANK CORPORATION
102 Mill Street, Box 419
East Jordan, MI 49727
PHONE: 616-536-2251

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Northwestern State Bank	East Jordan, MI	01/16/81	\$ 89,537

OLD KENT FINANCIAL CORPORATION
One Vandenberg Center
Grand Rapids, MI 49503
PHONE: 616-774-5000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Old Kent Bank and Trust Company	Grand Rapids, MI	10/16/72	\$ 2,274,166
Old Kent Bank of Cadillac	Cadillac, MI	08/01/73	\$ 69,586
Old Kent Bank of Holland	Holland, MI	12/31/73	\$ 250,370

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES

December 31, 1987

(000s Omitted)

OLD KENT FINANCIAL CORPORATION - Cont.

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Old Kent Bank-Southeast	Trenton, MI	01/03/78	\$ 219,352
Old Kent Bank of Big Rapids	Big Rapids, MI	06/18/79	\$ 92,846
Old Kent Bank of Petoskey	Petoskey, MI	01/02/80	\$ 105,911
Old Kent Bank of Kalamazoo	Kalamazoo, MI	04/01/81	\$ 430,254
Old Kent Bank of Gaylord	Gaylord, MI	06/01/81	\$ 112,148
Old Kent Bank of Brighton	Brighton, MI	03/31/83	\$ 173,416
Old Kent Bank of Lansing, National Association	Lansing, MI	03/31/83	\$ 33,774
Old Kent Bank of Grand Blanc	Grand Blanc, MI	03/31/83	\$ 56,948
Old Kent Bank of Grand Haven	Grand Haven, MI	03/31/83	\$ 243,397
Old Kent Bank of Hillsdale	Hillsdale, MI	03/31/83	\$ 78,859
Old Kent Bank-Central	Owosso, MI	03/31/83	\$ 241,929
Old Kent Bank-Grand Traverse	Traverse City, MI	03/31/83	\$ 300,902
Old Kent Bank-Southwest	Niles, MI	03/31/83	\$ 276,227
Old Kent Bank of Allegan	Allegan, MI	06/30/86	\$ 38,982
Old Kent Bank of Battle Creek	Battle Creek, MI	06/30/86	\$ 37,744
Old Kent Bank of Ludington	Ludington, MI	06/30/86	\$ 43,705
Old Kent Bank of St. Johns	St. Johns, MI	06/30/86	\$ 66,049
Old Kent Bank of South Haven	South Haven, MI	06/30/86	\$ 38,175
Old Kent Bank of Three Rivers	Three Rivers, MI	06/30/86	\$ 28,581
Colonial Trust & Savings Bank	Peru, IL	12/29/87	\$ 38,669
Illinois Regional Bank, Bureau County	Princeton, IL	12/29/87	\$ 10,279
Illinois Regional Bank, National Association	Elmhurst, IL	12/29/87	\$ 346,404
Illinois Regional Bank	Naperville, IL	12/29/87	\$ 62,558
Illinois Regional Bank, National Association, St. Charles	St. Charles, IL	12/29/87	\$ 35,253
First Commercial Bank of Rolling Meadows	Rolling Meadows, IL	12/29/87	\$ 31,858
			\$ 5,738,342

ONTONAGON FIRST NATIONAL CORPORATION

601 River Street, Box 68

Ontonagon, MI 49953

PHONE: 906-884-4114

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The First National Bank in Ontonagon	Ontonagon, MI	10/16/80	\$ 16,552

PENINSULA FINANCIAL CORPORATION

100 South Main Street, Box 470

Ishpeming, MI 49849

PHONE: 906-485-6333

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The Peninsula Bank	Ishpeming, MI	08/01/86	\$ 40,556

PINNACLE FINANCIAL SERVICES, INC.

830 Pleasant Street, Box 48

St. Joseph, MI 49085

PHONE: 616-983-6311

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The Peoples State Bank of St. Joseph	St. Joseph, MI	07/01/86	\$ 152,165

REPUBLIC BANCORP, INC.

122 South Main Street

Ann Arbor, MI 48104

PHONE: 313-665-4030

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Republic Bank	Flint Township, MI	01/15/86	\$ 48,532
Republic Bank-North	Bellaire, MI	12/08/86	\$ 33,202
Republic Bank-Central	Williamston, MI	12/29/86	\$ 61,789
Republic Bank Ann Arbor	Ann Arbor, MI	06/01/87	\$ 12,634
			\$ 156,157

ROYAL BANK GROUP, INC.

215 South Center Street, Box 156

Royal Oak, MI 48067

PHONE: 313-399-5200

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES

December 31, 1987

(000s Omitted)

ROYAL BANK GROUP, INC. - Cont.

SUBSIDIARY NAME
National Bank of Royal Oak

CITY AND STATE
Royal Oak, MI

ACQUIRED
09/05/84

DEPOSITS
\$ 96,090

RUTH BANK CORPORATION
7004 East Atwater Road, Box 8
Ruth, MI 48470
PHONE: 517-864-3380

SUBSIDIARY NAME
Ruth State Bank

CITY AND STATE
Ruth, MI

ACQUIRED
11/01/84

DEPOSITS
\$ 25,174

S.B.E. CORP.
112 North 11th Street
Escanaba, MI 49829
PHONE: 906-786-1331

SUBSIDIARY NAME
State Bank of Escanaba

CITY AND STATE
Escanaba, MI

ACQUIRED
11/30/84

DEPOSITS
\$ 56,659

SECURITY BANCORP, INC.
Security Circle, 16333 Trenton Road
Southgate, MI 48195
PHONE: 313-281-5000

SUBSIDIARY NAME
Security Bank and Trust Company
Security Bank Northeast
Security Bank St. Clair Shores
Security Bank of Monroe
Trenton Bank and Trust Company

CITY AND STATE
Southgate, MI
Richmond, MI
St. Clair Shores, MI
Monroe, MI
Trenton, MI

ACQUIRED
02/11/77
07/01/80
10/01/82
03/31/83
12/26/86

DEPOSITS
\$ 1,130,613
\$ 148,540
\$ 86,264
\$ 231,739
\$ 121,150

COMMERCE BANCORP, INC.
Bank of Commerce
The State Bank of Fraser

Hamtramck, MI
Hamtramck, MI
Fraser, MI

03/31/83
03/31/83

\$ 379,707
\$ 113,748

\$ 2,211,761

SHORELINE FINANCIAL CORPORATION
823 Riverview Drive, Box 1248
Benton Harbor, MI 49022
PHONE: 616-927-2251

SUBSIDIARY NAME
Citizens Trust and Savings Bank
Inter-City Bank

CITY AND STATE
South Haven, MI
Benton Harbor, MI

ACQUIRED
12/24/87
12/24/87

DEPOSITS
\$ 122,602
\$ 226,189

\$ 348,791

SOUTHERN MICHIGAN BANCORP, INC.
51 West Pearl Street, Box 309
Coldwater, MI 49036-0309
PHONE: 517-279-7511

SUBSIDIARY NAME
Southern Michigan National Bank

CITY AND STATE
Coldwater, MI

ACQUIRED
11/08/82

DEPOSITS
\$ 124,819

SSB, INC.
101 South Cedar Street, Box 399
Manistique, MI 49854
PHONE: 906-341-2171

SUBSIDIARY NAME
The State Savings Bank of Manistique

CITY AND STATE
Manistique, MI

ACQUIRED
02/10/86

DEPOSITS
\$ 34,663

STOCKBRIDGE BANCORPORATION, INC.
122 West Main Street, Box 437
Stockbridge, MI 49285
PHONE: 517-851-7733

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES
December 31, 1987
(000s Omitted)

STOCKBRIDGE BANCORPORATION, INC. - Cont.

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Stockbridge State Bank	Stockbridge, MI	05/11/83	\$ 32,801

SUPERIOR FINANCIAL CORPORATION
511 Ashmun Street, Box 10
Sault Ste. Marie, MI 49783
PHONE: 906-635-5251

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Sault Savings Bank	Sault Ste. Marie, MI	02/01/84	\$ 86,439

TANIS, INC.
West Memorial Road
Houghton, MI 49931
PHONE: 906-337-2022

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
First National Bank of Calumet-Lake Linden	Calumet, MI	03/31/73	\$ 21,776

UNITED BANCORP, INC.
205 East Chicago Blvd., Box 248
Tecumseh, MI 49286
PHONE: 517-423-8373

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
United Savings Bank of Tecumseh	Tecumseh, MI	01/01/86	\$ 143,799

UNITED COMMUNITY FINANCIAL CORPORATION
103 South Main Street
Wayland, MI 49348
PHONE: 616-792-2283

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
United Bank of Michigan	Grand Rapids, MI	11/18/83	\$ 90,146

UNIVERSAL CORPORATION
133 West Michigan Avenue, Box 220
Ypsilanti, MI 48197
PHONE: 313-482-5800

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The National Bank of Ypsilanti	Ypsilanti, MI	08/01/85	\$ 100,287

WAKEFIELD BANCORPORATION, INC.
402 Sunday Lake Street, Box 147
Wakefield, MI 49968-0147
PHONE: 906-224-9581

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
The First National Bank of Wakefield	Wakefield, MI	10/31/83	\$ 22,597

WEST SHORE BANK CORPORATION
107 West State Street, Box 278
Scottville, MI 49454
PHONE: 616-757-4751

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
State Savings Bank of Scottville	Scottville, MI	02/08/82	\$ 56,641

WOODLAK COMPANY
West Memorial Road
Houghton, MI 49931
PHONE: 906-482-1171

DOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES
December 31, 1987
(000s Omitted)

WOODLAK COMPANY - Cont.

SUBSIDIARY NAME
Commercial National Bank of L'Anse

CITY AND STATE
L'Anse, MI

ACQUIRED
01/01/70

DEPOSITS
\$ 33,358

INTERSTATE ACQUISITIONS - 1987

Bank Holding Company/Subsidiary Name	City and State	Date Acquired
CITIZENS BANKING CORPORATION Commercial National Bank of Berwyn	Flint, MI Berwyn, IL	05/01/87
FIRST OF AMERICA BANK CORPORATION	Kalamazoo, MI	
FIRST OF AMERICA BANCORPORATION-ILLINOIS, INC.	Libertyville, IL	
Illinois Trust & Savings Bank	Ottawa, IL	06/01/87
First of America Bank-Kankakee, National Association	Kankakee, IL	06/01/87
First of America Bank-Rockford, National Association	Rockford, IL	06/30/87
First of America Bank-Belvidere	Belvidere, IL	06/30/87
MANUFACTURERS NATIONAL CORPORATION	Detroit, MI	
Affiliated Bank/North Shore National	Chicago, IL	10/31/87
Affiliated Bank/Burlington	Burlington, IL	10/31/87
Affiliated Bank/Morton Grove	Morton Grove, IL	10/31/87
Affiliated Bank/Franklin Park	Franklin Park, IL	10/31/87
Affiliated Bank/DuPage	Addison, IL	10/31/87
Affiliated Bank/Western National	Cicero, IL	10/31/87
NBD BANCORP, INC.	Detroit, MI	
State National Bank In Evanston	Evanston, IL	12/17/87
The Bank & Trust Company of Arlington Heights	Arlington Heights, IL	12/17/87
USAMERIBANCS, INC.	Bannockburn, IL	
NBD Highland Park Bank, National Association	Highland Park, IL	02/28/87
NBD Elk Grove Bank	Elk Grove Village, IL	02/28/87
NBD Woodfield Bank	Schaumburg, IL	02/28/87
NBD Skokie Bank, National Association	Skokie, IL	02/28/87
NBD Chicago Bank	Chicago, IL	02/28/87
NBD Park Ridge Bank	Park Ridge, IL	02/28/87
OLD KENT FINANCIAL CORPORATION	Grand Rapids, MI	
Illinois Regional Bank, National Association	Elmhurst, IL	12/29/87
Illinois Regional Bank	Naperville, IL	12/29/87
First Commercial Bank of Rolling Meadows	Rolling Meadows, IL	12/29/87
Colonial Trust & Savings Bank	Peru, IL	12/29/87
Illinois Regional Bank, Bureau County	Princeton, IL	12/29/87
Illinois Regional Bank, National Association, St. Charles	St. Charles, IL	12/29/87

NONDOMESTIC BANK HOLDING COMPANIES AND SUBSIDIARIES
December 31, 1987
(000s Omitted)

AMERITRUST CORPORATION
300 Euclid Avenue
Cleveland, OH 44101
PHONE: 216-687-5000

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
AMERITRUST INDIANA CORPORATION	Eikhart, IN		
First National Bank & Trust Company	Sturgis, MI	09/15/86	\$ 77,610

BANC ONE CORPORATION
100 East Broad Street
Columbus, OH 43271-0261
PHONE: 614-463-5944

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
Bank One, Sturgis	Sturgis, MI	12/19/86	\$ 108,438
Bank One, East Lansing	East Lansing, MI	01/02/87	\$ 147,685
Bank One, Fenton, National Association	Fenton, MI	02/27/87	\$ 75,740

			\$ 331,863

HUNTINGTON BANCSHARES INCORPORATED
41 South High Street
Columbus, OH 43287
PHONE: 614-463-4723

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
HUNTINGTON BANCSHARES, MICHIGAN, INC.	Columbus, OH		
Warren Bank	Warren, MI	11/28/86	\$ 300,192
Liberty State Bank & Trust	Hamtramck, MI	11/30/87	\$ 267,098
Liberty Bank-Oakland	Troy, MI	11/30/87	\$ 70,438

			\$ 637,728

TRUSTCORP, INC.
Three SeaGate
Toledo, OH 43603
PHONE: 419-259-3264

SUBSIDIARY NAME	CITY AND STATE	ACQUIRED	DEPOSITS
TRUSTCORP OF MICHIGAN INC.	Adrian, MI		
Commercial Savings Bank	Adrian, MI	03/31/87	\$ 129,787
The Jipson-Carter State Bank	Blissfield, MI	03/31/87	\$ 27,718
Citizens Trust	Ann Arbor, MI	09/30/87	\$ 312,712
Ypsilanti Savings Bank	Ypsilanti, MI	12/31/87	\$ 121,599

			\$ 591,816

STATE BANKS AS OF DECEMBER 31, 1967

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance For Loan Losses	Non- Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
*Adrian--Commercial Savings Bank.....	12,080	45,250	73,811	725	15,367	114,420	10,887	146,643
Adrian--Adrian State Bank.....	16,859	9,854	45,573	451	12,671	56,788	5,944	76,702
*Adrian--Bank of Lenawee.....	5,664	51,506	67,659	585	13,105	109,080	10,234	134,063
Akron--Akron State Bank.....	916	2,889	9,422	186	1,577	14,293	909	16,885
Alden--Alden State Bank.....	955	3,753	13,986	160	1,961	17,197	1,784	21,145
Algonac--The Algonac Savings Bank.....	4,900	34,053	39,318	370	7,398	67,726	8,463	84,335
*Allegan--Old Kent Bank of Allegan.....	3,625	2,716	30,191	535	7,387	31,595	2,850	42,330
Alma--Bank of Alma.....	11,866	39,973	73,054	1,094	14,412	104,843	11,709	132,618
Alpena--First of America Bank-Alpena.....	8,208	41,622	68,339	986	17,757	95,435	8,945	124,050
Alpena--NBD Alpena Bank.....	15,909	44,388	58,578	1,205	14,130	105,314	8,732	129,954
*Ann Arbor--First of America Bank-Ann Arbor....	36,016	103,871	317,049	4,292	83,989	345,473	32,911	481,489
Ann Arbor--Citizens Trust.....	22,682	90,752	211,718	2,956	57,080	255,632	23,049	344,504
Ann Arbor--Republic Bank.....	3,073	500	8,828	81	631	12,003	1,964	14,779
Bad Axe--First of America Bank-Thumb Area....	8,663	49,770	56,321	4,606	11,597	104,080	6,343	124,130
Baldwin--Lake-Osceola State Bank.....	1,374	10,136	14,516	202	5,098	21,965	3,420	30,664
Bangor--The West Michigan Savings Bank.....	2,327	15,158	7,835	94	3,798	20,800	3,814	28,600
Battle Creek--Comerica Bank-Battle Creek.....	74,703	4,513	55,046	1,005	33,800	104,129	11,820	153,511
*Battle Creek--Old Kent Bank of Battle Creek....	2,266	4,451	31,079	418	11,464	26,280	2,609	40,664
*Bay City--Chemical Bank-Bay Area.....	12,606	30,143	56,624	814	17,338	81,365	8,574	114,360
Bay Port--Bay Port State Bank.....	1,227	1,473	7,488	102	1,065	10,206	786	12,185
Beaverton--Chemical Bank Gladwin County.....	4,016	16,800	16,230	338	4,110	34,881	3,875	43,292
Belleire--Republic Bank-North.....	3,908	2,491	24,286	500	4,307	28,895	2,290	35,182
Benton Harbor--Inter-City Bank.....	22,198	54,665	164,501	1,386	36,009	190,180	19,025	248,169
Beulah--Central State Bank.....	2,721	4,312	11,500	139	2,263	16,663	1,466	20,459
Big Rapids--Old Kent Bank of Big Rapids.....	16,720	11,622	64,814	779	14,659	78,187	6,516	99,862
Birmingham--Fidelity Bank.....	13,708	26,383	63,895	852	36,896	67,351	8,664	114,184
*Blissfield--The Blissfield State Bank.....	2,714	16,610	20,040	377	3,433	35,499	3,106	42,435
Blissfield--The Jipson-Carter State Bank.....	3,447	9,837	14,842	315	2,475	25,243	2,530	30,744
*Breckenridge--Farmers State Bank of Breckenridge.....	1,318	12,689	28,791	968	4,171	40,916	3,210	48,808
Brighton--Old Kent Bank of Brighton.....	62,948	13,519	100,398	1,356	22,674	150,742	11,726	189,248
Brown City--Tri-County Bank.....	3,587	3,637	13,784	196	1,715	19,297	1,913	23,120
*Byron Center--Byron Center State Bank.....	6,712	27,958	55,957	580	11,031	70,138	11,562	93,919
Cadillac--Old Kent Bank of Cadillac.....	12,044	8,881	53,170	637	7,332	62,254	4,794	75,788
Cadillac--Chemical Bank West.....	3,588	18,827	30,757	441	8,214	46,538	4,738	59,879
Cadillac--NBD Cadillac Bank.....	26,707	56,801	133,025	1,968	21,578	184,084	13,590	223,111
*Caledonia--State Bank of Caledonia.....	1,828	12,347	33,560	338	6,444	40,259	6,485	53,603
*Calumet--First of America Bank-Copper Country.	2,922	20,820	34,759	452	6,027	51,306	4,601	62,686
*Capac--Capac State Savings Bank.....	1,990	17,305	39,218	702	4,006	53,850	6,591	64,926
Caro--State Savings Bank of Caro.....	2,405	26,333	15,858	200	4,894	41,741	6,189	53,461
Caro--The Peoples State Bank of Caro, Michigan	3,187	3,498	23,466	907	4,472	28,297	2,862	36,812
Carsonville--Exchange State Bank.....	1,400	14,751	26,593	260	3,870	41,167	4,278	49,767
*Cass City--The Cass City State Bank.....	1,025	4,194	10,310	206	2,124	15,151	998	18,336
*Cass City--Chemical Bank Cass City.....	1,458	9,904	11,753	222	2,785	22,731	1,941	27,756
Charlevoix--Charlevoix County State Bank.....	3,329	17,084	28,540	251	6,999	39,718	3,888	50,887
Charlevoix--First State Bank of Charlevoix....	14,143	1,982	14,504	129	5,212	23,544	3,118	32,126
*Cheboygan--First of America Bank-Straits Area.	6,286	22,006	51,156	639	9,620	67,737	5,723	83,605
Chelsea--Chelsea State Bank.....	5,016	37,690	44,404	444	9,585	71,469	11,160	93,525
*Clare--Chemical Bank Clare.....	10,876	59,010	47,739	1,076	10,749	106,155	10,922	130,190
Coldwater--Branch County Bank.....	16,394	25,234	59,360	1,001	17,035	87,312	8,895	114,880
*Coloma--The State Bank of Coloma.....	2,903	12,072	8,153	93	2,885	818	3,412	27,380
*Croswell--State Bank of Croswell.....	11,299	20,325	30,108	367	7,254	4,495	5,187	66,286
*Dearborn--Dearborn Bank and Trust Company....	14,100	90,508	119,661	1,323	56,280	189,326	17,682	268,473
Decatur--First State Bank of Decatur.....	1,597	6,032	12,226	123	1,740	16,262	2,143	20,335
Deerville--Sanilac County Bank.....	2,021	10,168	16,370	959	4,361	27,806	1,911	35,111

* Member Bank of the Federal Reserve System

** Includes Subordinated Notes and Debentures

STATE BANKS AS OF DECEMBER 31, 1987

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance For Loan Losses	Non- Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
Deerfield--First of America Bank-Deerfield....	4,712	12,548	22,934	238	4,357	36,097	3,014	43,876
*Detroit--Comerica Bank-Detroit.....	1,570,308	1,424,290	4,735,575	95,437	1,174,424	4,540,016	461,189	7,996,467
Detroit--River Place Financial Corp.....	836	518	9,464	118	1,542	2,666	6,866	18,160
Dowagiac--FNB-Community Bank.....	3,360	16,607	35,176	447	6,886	45,247	3,636	57,065
*Dundee--NBD Monroe County Bank.....	3,816	8,134	23,743	418	4,347	31,052	2,092	37,696
East Detroit--First State Bank of East Detroit	45,401	76,245	114,584	1,061	23,534	204,453	19,282	251,112
East Jordan--Northwestern State Bank.....	5,619	65,152	27,023	229	8,297	81,240	10,310	102,606
East Lansing--Bank One, East Lansing.....	12,977	49,479	119,484	1,523	30,220	117,465	13,491	188,705
*East Tawas--Huron Community Bank.....	3,917	26,789	17,675	431	6,507	42,290	6,040	55,465
Escanaba--State Bank of Escanaba.....	8,233	23,415	30,156	283	5,163	51,496	7,123	64,644
*Ewen--The State Bank of Ewen.....	791	7,826	10,779	165	2,550	14,248	3,089	20,093
Farwell--The Farwell State Savings Bank.....	1,320	10,827	23,866	224	4,223	29,995	5,281	39,818
Fenton--State Savings Bank of Fenton.....	11,279	34,495	77,997	830	11,347	104,735	10,752	129,581
*Flint--Citizens Commercial & Savings Bank.....	111,645	281,525	712,617	8,698	176,952	779,277	91,566	1,207,115
*Flint--NBD Genesee Bank.....	72,968	334,949	590,588	7,017	121,755	695,722	70,886	1,029,297
Flint Township--Republic Bank.....	1,338	4,570	38,328	455	5,033	43,499	3,343	52,302
Fowlerville--Community State Bank of Fowlerville.....	2,840	9,730	14,118	272	4,572	23,452	1,652	29,924
Frankenmuth--First of America Bank- Frankenmuth.....	12,609	83,178	165,307	10,951	34,938	233,688	12,444	267,213
Frankfort--State Savings Bank, Frankfort, Michigan.....	1,441	12,419	12,590	63	2,392	22,782	3,439	29,030
Fraser--The State Bank of Fraser.....	19,902	54,552	40,434	565	19,485	94,263	9,959	125,529
Freeland--Freeland State Bank.....	1,985	12,653	13,537	149	3,881	25,541	2,763	32,504
*Fremont--Old Kent Bank of Fremont.....	12,732	1,680	36,162	539	6,939	45,011	3,596	55,990
*Fremont--The Old State Bank of Fremont.....	3,763	6,841	29,721	710	5,613	34,692	2,131	42,632
Frenchtown Township--Erle State Bank.....	8,797	2,068	43,878	669	8,283	48,041	4,075	62,158
*Gaylord--Old Kent Bank of Gaylord.....	16,286	19,804	76,839	877	13,100	97,048	8,093	121,100
Gladstone--Gladstone State Bank.....	6,632	5,882	16,018	94	2,835	24,404	2,787	30,472
Gladwin--First of America Bank-Mid Michigan...	5,941	24,064	63,859	674	11,135	75,090	7,068	96,975
Grand Blanc--Old Kent Bank of Grand Blanc.....	12,460	8,859	37,398	512	9,909	47,039	4,127	62,157
Grand Haven--NBD Grand Haven.....	7,513	24,990	107,777	1,483	17,978	109,288	10,964	154,200
*Grand Haven--Old Kent Bank of Grand Haven.....	45,648	38,655	174,540	2,115	25,170	218,227	17,234	265,448
Grand Rapids--Grand Bank.....	3,042	501	8,820	89	882	10,140	3,214	14,307
*Grand Rapids--Old Kent Bank and Trust Company...	813,586	538,632	1,445,177	13,286	429,954	1,844,212	147,514	2,920,687
Grand Rapids--United Bank of Michigan.....	7,610	23,920	61,545	580	11,461	78,685	6,717	99,062
*Grant--The Grant State Bank.....	1,047	2,566	10,783	123	1,737	13,897	1,112	16,885
Grayling--Chemical Bank North.....	2,848	16,288	21,490	329	4,470	38,594	3,492	46,788
*Grayling--Grayling State Bank.....	4,825	12,667	23,240	440	4,537	36,327	3,195	44,284
*Greenville--Commercial Bank.....	5,328	14,833	41,320	551	7,435	52,673	4,761	66,554
Greenville--Old Kent Bank of Greenville.....	7,979	9,806	32,999	392	8,312	44,385	5,432	59,331
Hale--Farmers and Merchants State Bank of Hale	5,137	18,606	43,695	470	7,486	58,362	5,203	71,619
Hamtramck--Bank of Commerce.....	50,438	267,308	107,731	1,405	49,231	330,476	32,981	438,773
*Hamtramck--Liberty State Bank & Trust.....	14,805	70,631	198,307	2,527	66,357	200,741	25,721	299,010
Hamtramck--Peoples State Bank.....	3,782	57,679	50,408	430	9,155	90,816	23,516	124,319
*Harbor Beach--Huron County Bank.....	1,589	7,412	21,150	320	2,943	26,927	2,235	32,348
*Harbor Springs--Harbor Springs State Bank.....	8,578	5,965	18,880	185	3,880	28,601	3,671	36,437
Hart--FNB-Oceana Bank.....	2,184	27,881	29,237	381	4,730	52,248	3,845	61,287
Hastings--The Hastings City Bank.....	16,062	28,535	37,045	300	16,194	74,236	7,937	99,132
Hesperia--The State Bank of Hesperia.....	924	4,733	5,626	51	1,915	8,587	2,014	12,681
Highland Park--Automotive Financial Services, Inc.....	70,281				26,138	43,000	1,502	70,647
*Hillsdale--Old Kent Bank of Hillsdale.....	20,125	11,613	49,602	649	10,037	68,822	5,617	85,293
Holland--Old Kent Bank of Holland.....	34,550	57,881	181,970	2,450	30,135	220,235	15,550	280,573
Honor--The Honor State Bank.....	1,475	10,844	21,535	168	3,290	29,674	3,108	36,348
Howell--First of America Bank-Livingston.....	9,894	30,212	66,581	961	15,082	85,865	7,289	111,609
Hudson--Thompson Savings Bank.....	1,286	26,045	14,961	199	3,174	40,478	4,110	48,387
Hudsonville--Bank of Hudsonville.....	2,398	5,728	15,749	209	3,330	21,543	1,723	26,808
Ionia--Independent Bank.....	5,104	34,379	80,157	826	11,301	100,995	9,533	123,969
Iron River--The Miners' State Bank of Iron River.....	1,005	11,603	7,041	64	940	18,953	1,986	22,028

* Member Bank of the Federal Reserve System
** Includes Subordinated Notes and Debentures

STATE BANKS AS OF DECEMBER 31, 1987

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance For Loan Losses	Non- Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
*Ishpeming--The Peninsula Bank.....	2,856	13,851	25,833	234	3,039	37,517	4,235	45,255
*Jackson--Michigan Bank-Midwest.....	5,999	5,880	61,690	795	15,348	62,790	6,033	85,499
*Kalamazoo--Arcadia Bank.....	743		1,851	19	1,074	6,697	2,638	10,409
*Kalamazoo--Comerica Bank-Kalamazoo.....	104,868	15,495	93,295	1,869	48,195	164,045	14,137	230,826
*Kalamazoo--Old Kent Bank of Kalamazoo.....	45,508	113,828	343,460	4,485	85,211	345,043	33,940	520,988
*Kent City--Kent City State Bank.....	3,145	6,689	33,884	358	4,468	39,172	3,927	48,110
*Kentwood--Old Kent Bank of Kentwood.....	5,392	725	10,022	111	4,570	16,699	1,668	23,554
*Kingston--The Kingston State Bank.....	3,386	8,956	17,223	551	2,815	27,979	1,729	32,695
*Lake Odessa--Union Bank.....	1,504	9,840	24,549	536	5,173	30,087	3,352	37,508
*Lakeview--Bank of Lakeview.....	5,136	14,122	32,597	600	5,065	44,790	4,026	59,354
*Lansing--First of America Bank-Central.....	48,139	116,319	327,098	4,127	98,417	365,992	36,348	511,697
*Lansing--Manufacturers Bank of Lansing.....	36,047	39,465	195,729	2,185	80,436	194,979	22,162	303,389
*Lansing--NBD Commerce Bank.....	11,103	19,866	57,529	841	33,412	50,291	5,722	95,852
*Lapeer--Lapeer County Bank & Trust Co.....	7,358	36,871	77,056	1,061	16,901	102,558	9,520	130,686
*Leslie--Independent Bank-South Michigan.....	6,367	27,305	35,890	536	7,853	65,766	6,827	81,107
*Lewiston--Lewiston State Bank.....	3,040	27,156	25,934	436	3,950	48,723	5,840	58,733
*Litchfield--Michigan Bank-Mid South.....	1,650	11,757	24,395	599	5,122	33,151	4,076	43,128
*Livonia--Comerica Bank-Livonia.....	15,812	5,332	16,049	323	16,541	142,466	10,502	172,599
*Lowell--FNB-State Savings Bank.....	3,773	10,284	45,679	463	7,547	54,951	4,508	68,290
*Ludington--Old Kent Bank of Ludington.....	4,057	15,995	24,008	338	6,094	37,611	3,279	47,425
*Mancelona--Antrim County State Bank.....	1,544	6,139	16,593	185	2,867	24,843	2,954	30,930
*Manistee--Manistee Bank & Trust Co.....	4,915	36,534	62,057	921	10,015	89,270	8,588	108,934
*Manistique--The State Savings Bank of Manistique.....	3,660	21,498	12,800	102	3,034	31,629	3,291	39,896
*Marcellus--G. W. Jones Exchange Bank.....	1,568	2,019	5,621	58	3,556	8,060	761	12,500
*Marshall--Chemical Bank South.....	2,684	14,345	20,009	341	7,200	31,884	3,561	43,382
*Mason--Mason State Bank.....	7,415	16,166	44,274	393	7,140	59,019	4,915	71,755
*Mayville--Mayville State Bank.....	1,641	6,627	18,416	244	3,243	24,884	2,619	30,075
*Menominee--First of America Bank-Menominee.....	2,246	6,125	23,327	308	2,788	28,863	2,566	35,293
*Midland--Chemical Bank and Trust Company.....	53,101	175,036	184,697	2,608	41,892	352,460	37,696	453,175
*Midland--Comerica Bank-Midland.....	68,964	11,123	52,248	870	24,498	106,928	7,415	141,186
*Monroe--Monroe Bank & Trust.....	17,252	133,309	214,204	2,500	43,829	299,260	38,205	385,742
*Monroe--Security Bank of Monroe.....	34,668	59,274	169,460	2,142	20,251	211,488	18,077	269,866
*Montrose--The Montrose State Bank.....	1,924	12,204	15,134	193	4,165	23,987	3,107	31,609
*Mount Clemens--First Macomb Bank.....	18,321	64,085	207,519	2,386	48,205	245,722	22,796	323,186
*Mount Pleasant--First of America Bank-- Mt. Pleasant.....	6,540	21,283	44,309	1,726	9,067	55,517	5,100	78,498
*Mount Pleasant--Isabella Bank and Trust.....	7,174	41,710	94,129	1,051	23,094	118,361	11,727	154,631
*Munising--Peoples State Bank of Munising.....	1,293	4,564	16,503	148	1,827	19,988	1,750	23,734
*Munith--Farmers State Bank of Munith.....	838	6,384	10,883	105	2,228	15,601	2,126	20,235
*Muskegon--FNB-Lumberman's Bank.....	8,801	71,681	129,991	1,796	26,070	159,343	15,202	224,292
*Muskegon--First of America Bank-Muskegon.....	18,583	48,394	182,751	2,378	30,528	209,612	18,169	260,921
*New Baltimore--Citizens State Savings Bank...	3,573	33,073	10,427	108	5,997	38,206	5,376	49,920
*Newberry--The Newberry State Bank.....	1,502	17,071	15,002	140	3,667	28,025	3,616	35,500
*Niles--Old Kent Bank-Southwest.....	63,659	40,015	178,978	2,346	42,335	233,892	19,777	305,476
*North Branch--Pioneer Bank.....	1,903	2,556	7,898	83	1,332	11,300	1,315	14,117
*Onsted--The Onsted State Bank.....	2,233	5,381	11,375	134	2,949	19,949	1,458	24,511
*Ontonagon--The Citizens State Bank of Ontonagon.....	1,520	11,525	10,941	130	2,737	20,418	2,943	26,284
*Oronoko Township--Heritage Bank.....	692	288	6,006	76	1,214	5,336	739	7,622
*Oscoda--First of America Bank-Oscoda.....	2,632	8,803	22,673	327	4,343	29,164	2,692	36,913
*Owosso--Key State Bank.....	8,101	16,890	74,790	748	11,566	81,107	7,763	103,690
*Owosso--Old Kent Bank-Central.....	47,032	62,090	162,985	2,408	26,827	215,102	17,752	279,657
*Oxford--Oxford Bank.....	8,601	32,524	51,121	868	12,077	81,905	6,991	102,761
*Petoskey--Old Kent Bank of Petoskey.....	10,447	17,616	84,920	1,031	14,263	91,648	7,185	116,122
*Pontiac--Pontiac State Bank.....	52,981	298,721	264,091	3,230	116,129	507,212	42,492	680,592
*Port Austin--The Port Austin State Bank.....	1,464	6,145	8,420	118	1,653	13,792	1,659	17,247
*Port Hope--The State Bank of Port Hope.....	885	6,689	7,690	174	1,048	13,372	1,640	16,190
*Port Huron--Peoples Bank of Port Huron.....	30,890	38,515	207,178	2,628	39,126	230,200	18,698	289,072
*Portage--NBD Portage Bank.....	1,782	2,193	16,259	246	5,300	15,490	1,575	22,504

* Member Bank of the Federal Reserve System

** Includes Subordinated Notes and Debentures

STATE BANKS AS OF DECEMBER 31, 1987

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance For Loan Losses	Non- Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
Portland--Maynard-Allen State Bank.....	4,949	16,835	27,368	176	6,675	44,700	6,387	57,991
Reed City--The Reed City State Bank.....	2,382	31,052	15,291	245	5,352	39,284	6,339	51,493
*Richmond--Macomb County Bank.....	4,169	1,230	49,876	401	12,113	41,649	2,985	57,644
*Richmond--Security Bank Northeast.....	14,591	44,694	101,636	1,376	17,798	130,742	10,471	165,039
*River Rouge--River Rouge Savings Bank.....	4,531	3,038	10,465	200	4,146	12,645	1,440	18,757
Rockford--Independent Bank--West Michigan.....	10,345	11,288	54,095	628	9,192	62,919	5,803	81,026
Rogers City--Presque Isle Bank.....	3,390	18,001	24,053	374	6,661	44,737	4,340	56,045
*Roscommon--NBD Roscommon Bank.....	11,118	44,072	79,141	933	15,160	117,886	9,788	143,816
Royal Oak--First of America Bank--Wayne Oakland	45,289	155,866	484,001	5,980	111,084	553,003	52,823	755,075
Ruth--Ruth State Bank.....	466	16,047	8,915	335	1,644	23,530	3,129	28,503
Saginaw--NBC Saginaw.....	8,493	31,778	96,092	1,645	31,438	102,720	8,722	144,202
Sandusky--NBD Sandusky Bank.....	15,383	27,130	56,146	1,132	11,116	93,373	7,623	113,104
Sault Ste. Marie--Sault Savings Bank.....	2,160	22,440	68,395	475	9,938	76,501	8,203	96,186
Sault Ste. Marie--Central Savings Bank.....	1,804	6,890	38,070	435	6,922	41,557	3,924	53,090
Schoolcraft--Kalamazoo County State Bank.....	1,851	8,034	26,786	282	6,239	30,762	2,812	40,119
Scottville--State Savings Bank of Scottville..	2,929	16,589	40,509	420	7,301	49,340	6,034	63,098
Shelby--The Shelby State Bank.....	3,153	19,650	43,201	410	6,418	55,961	6,311	69,459
Shepherd--Firstbank of Shepherd.....	5,191	2,582	8,109	213	3,888	17,519	2,081	23,917
Sidney--Sidney State Bank.....	1,040	9,320	16,115	167	2,770	22,726	3,319	29,006
*South Haven--Citizens Trust and Savings Bank..	4,954	31,993	90,908	1,396	13,261	109,341	12,569	137,286
*South Haven--Old Kent Bank of South Haven.....	7,331	5,420	25,417	383	5,292	32,883	2,667	41,225
South Lyon--The State Savings Bank of								
South Lyon.....	12,822	2,732	27,066	698	9,691	32,998	2,773	45,950
South Range--South Range State Bank.....	2,689	5,205	11,486	180	1,760	16,992	1,402	20,262
*Southfield--Comerica Bank--Southfield.....	36,435	17,145	25,062	367	39,291	149,463	13,482	204,759
*Southgate--Security Bank and Trust Company....	167,328	177,210	843,842	10,996	136,885	993,728	76,698	1,271,040
*Sparta--Sparta State Bank.....	3,342	29,242	43,622	541	8,761	60,749	8,260	79,674
St. Charles--Community State Bank of								
St. Charles.....	3,029	16,940	30,177	491	3,125	48,473	4,690	57,080
St. Clair--The Commercial and Savings Bank of								
St. Clair County.....	24,028	54,644	85,156	863	15,228	137,483	15,572	170,830
*St. Clair Shores--Security Bank St. Clair								
Shores.....	12,342	37,089	45,907	618	14,900	73,364	5,962	98,270
St. Johns--Clinton Bank and Trust Company....	6,793	56,302	59,567	776	21,198	112,172	11,815	147,904
*St. Johns--Old Kent Bank of St. Johns.....	4,059	22,092	41,794	578	10,811	55,238	4,663	72,088
St. Joseph--The Peoples State Bank of								
St. Joseph.....	15,478	27,312	119,751	1,186	20,167	131,998	12,300	169,151
Standish--Chemical Bank Huron.....	2,039	13,265	12,466	239	2,915	27,400	2,433	33,019
Standish--State Bank of Standish.....	8,998	26,790	69,074	715	9,184	93,431	10,696	114,121
Stanton--Chemical Bank Montcalm.....	4,053	30,371	31,605	654	8,658	57,372	7,352	74,696
Stephenson--Bank of Stephenson.....	1,987	26,251	28,262	347	3,835	46,572	6,017	57,629
Stockbridge--Stockbridge State Bank.....	5,966	14,975	10,945	156	7,929	24,872	3,238	36,438
*Sturgis--Bank One, Sturgis.....	23,281	36,481	83,291	1,065	14,771	101,106	12,512	150,438
Tecumseh--United Savings Bank of Tecumseh....	9,629	41,561	94,135	928	20,497	123,302	12,511	159,870
Three Oaks--The Bank of Three Oaks.....	2,243	11,349	50,849	508	7,112	51,783	4,566	68,127
*Three Rivers--Old Kent Bank of Three Rivers..	4,092	6,994	19,171	214	4,140	25,441	2,046	32,128
Traverse City--Old Kent Bank--Grand Traverse..	48,155	56,193	214,897	2,754	56,693	244,209	20,915	332,225
Trenton--Old Kent Bank--Southeast.....	79,845	40,038	97,755	1,217	30,685	188,667	16,957	239,991
Trenton--Trenton Bank and Trust Company.....	21,561	39,485	64,202	846	14,249	106,901	8,664	131,916
*Troy--Comerica Bank--Troy.....	16,763	20,189	32,405	608	44,141	162,702	14,800	224,366
*Troy--Liberty Bank--Oakland.....	6,096	14,432	62,684	812	23,243	59,531	6,910	91,643
Unionville--American Home Bank.....	2,544	11,993	19,530	459	3,753	32,103	2,420	38,490
*Warren--Warren Bank.....	12,216	186,932	78,907	897	28,205	217,869	26,283	287,888
*Wayne--First of America Bank--Wayne.....	11,246	24,608	58,976	884	19,494	67,747	8,926	98,065
*West Branch--First of America Bank--West								
Branch.....	5,257	15,639	40,773	625	6,678	52,520	4,987	66,509
White Cloud--The First State Bank, White								
Cloud, Michigan.....	1,372	1,133	28,254	2,698	3,373	34,060	(1,173)	36,417

* Member Bank of the Federal Reserve System
 ** Includes Subordinated Notes and Debentures

STATE BANKS AS OF DECEMBER 31, 1987

(000's Omitted)

<u>Location and Name of Bank</u>	<u>Cash and Due From Depository Institutions</u>	<u>Total Securities</u>	<u>Net Loans</u>	<u>Allowance For Loan Losses</u>	<u>Non- Interest Bearing Deposits</u>	<u>Interest Bearing Deposits</u>	<u>Total Capital**</u>	<u>Total Assets and/or Total Liabilities</u>
*Williamston--Republic Bank-Central.....	8,345	7,228	46,583	475	9,888	51,901	5,172	69,209
Wyandotte--Wyandotte Savings Bank.....	57,251	162,031	136,249	1,723	40,952	299,313	31,273	375,547
*Ypsilanti--The Ypsilanti Savings Bank.....	8,879	38,071	89,699	1,185	14,351	116,429	11,001	147,057
Zeeland--FNB-First Michigan Bank.....	28,087	110,329	332,799	4,024	60,481	361,407	31,727	492,693

* Member Bank of the Federal Reserve System
 ** Includes Subordinated Notes and Debentures

NATIONAL BANKS AS OF DECEMBER 31, 1987

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance For Loan Losses	Non- Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
Alma--Commercial National Bank.....	9,027	25,473	68,181	1,703	13,534	89,735	7,797	117,576
Ann Arbor--Comerica Bank-Ann Arbor, N.A.....	69,511	8,758	93,175	1,685	44,610	131,980	11,601	193,920
Ann Arbor--Manufacturers National Bank.....	22,995	15,649	69,746	738	15,177	92,131	7,214	116,456
Ann Arbor--NBD Ann Arbor, N.A.....	22,180	105,978	178,565	3,653	62,648	235,257	20,957	321,844
Bad Axe--First National Bank of Bad Axe.....	6,977	13,819	44,259	465	8,159	56,136	4,679	69,442
Battle Creek--NBD Battle Creek, N.A.....	889	36	70		90	435	1,156	1,793
Bay City--First of America Bank-Bay City, N.A..	27,272	118,074	197,245	4,257	34,566	277,395	28,806	359,644
Bay City--Second National Bank of Bay City....	4,032	8,814	57,143	743	13,638	60,259	4,609	80,939
Benton Harbor--NBD F&M Bank, N.A.....	12,029	53,612	139,205	1,772	34,899	159,937	13,619	213,534
Big Rapids--First National Bank and Trust.....	3,866	25,597	29,931	301	8,288	53,230	5,104	68,045
Calumet--First National Bank of Calumet- Lake Linden.....	13,900	4,241	4,728	110	4,197	17,579	1,778	23,743
Cheboygan--Citizens National Bank of Cheboygan.	4,443	32,856	66,809	700	14,269	90,861	9,286	115,500
Coldwater--Southern Michigan National Bank....	6,716	38,617	85,383	1,418	18,822	105,997	12,073	138,023
Crystal Falls--First National Bank of Crystal Falls.....	10,105	8,476	22,033	221	3,022	36,158	3,608	43,176
Dearborn--NBD Dearborn Bank, N.A.....	4,785	1,807			4,734		1,843	6,605
Detroit--First Independence National Bank of Detroit.....	9,788	33,629	23,064	437	26,516	49,212	5,474	86,837
Detroit--First of America Bank-Detroit, N.A....	91,322	152,974	761,750	10,847	218,405	701,104	67,372	1,090,926
Detroit--Manufacturers National Bank of Detroit.....	1,469,916	1,008,316	4,700,135	101,997	1,345,292	4,685,440	399,167	7,710,631
Detroit--National Bank of Detroit.....	2,736,981	3,332,222	7,453,553	155,880	2,969,898	7,880,133	885,553	14,881,125
East Lansing--First National Bank of Michigan..	11,945	6,677	47,570	630	7,452	52,934	5,738	67,940
Escanaba--First National Bank and Trust Company.....	7,937	18,800	71,340	871	14,414	84,357	7,901	107,802
Farmington Hills--Metropolitan National Bank of Farmington.....	19,653	533	23,213	307	12,804	29,117	3,243	45,600
Farmington Hills--Michigan National Bank.....	995,155	1,127,305	5,659,422	79,228	1,342,634	5,509,060	518,396	8,312,416
Fenton--Bank One, Fenton, N.A.....	3,082	14,849	64,170	929	7,944	67,796	5,722	87,426
Frankfort--Benzle National Bank.....	1,259	1,290	6,989	70	841	9,491	1,060	11,459
Gaylord--First National Bank of Gaylord.....	2,270	6,179	20,566	158	3,530	27,213	2,203	33,364
Gladstone--First National Bank In Gladstone.....	4,084	3,226	17,215	89	3,084	21,271	2,013	26,534
Grand Rapids--Comerica Bank-Grand Rapids, N.A..	38,369	2,732	7,040	385	13,853	41,956	3,466	59,751
Grand Rapids--FNB-First Michigan Bank-Grand Rapids, National Association.....	5,382	19,660	63,796	808	13,514	65,655	6,034	93,079
Grand Rapids--Manufacturers National Bank of Grand Rapids.....	8,032	9,466	48,514	740	11,617	49,977	5,379	68,799
Grand Rapids--MetroBank, N.A.....	22,701	19,055	280,102	162	2,562	311,352	47,131	366,020
Grand Rapids--NBD Grand Rapids, N.A.....	76,641	158,784	707,632	9,322	181,131	698,406	64,777	980,813
Grosse Pointe--Comerica Bank-Grosse Pointe, N.A.....	1,970	101	4,580	89	5,420	41,474	3,711	51,409
Hancock--The Superior National Bank and Trust Company of Hancock.....	6,191	26,258	38,038	325	10,077	54,018	5,307	75,207
Hastings--National Bank of Hastings.....	3,262	11,559	12,147	118	6,044	21,783	3,343	31,459
Hermansville--The First National Bank of Hermansville.....	1,508	3,900	15,455	220	2,440	18,793	1,485	22,885
Hillsdale--Hillsdale County National Bank.....	6,754	33,307	53,243	760	11,759	78,649	9,830	100,809
Holland--First of America Bank-Holland, N.A....	5,976	28,934	76,645	991	14,051	89,752	8,280	118,129
Houghton--Houghton National Bank.....	3,989	15,367	25,131	225	6,181	37,804	3,851	48,108
Howell--First National Bank In Howell.....	7,683	23,510	68,096	770	17,008	79,357	6,908	104,234
Ionia--The Ionia County National Bank of Ionia.....	4,485	19,465	62,189	718	8,690	78,847	7,229	95,588
Iron Mountain--Commercial National Bank & Trust Co.....	2,608	14,075	44,422	176	10,040	52,157	7,070	70,733
Iron Mountain--The First National Bank of Iron Mountain.....	5,007	30,315	49,362	294	12,490	65,675	8,906	93,099
Iron River--The Iron River National Bank.....	2,572	9,617	26,834	312	4,855	36,082	2,774	43,993
Ironwood--First National Bank of Ironwood.....	3,811	25,500	35,128	579	4,673	58,896	4,505	68,659
Ironwood--First of America Bank-Gogebic, N.A....	3,561	27,680	34,652	445	7,518	54,914	7,517	73,950
Ishpeming--The Miners' First National Bank & Trust Company of Ishpeming.....	3,047	17,772	38,974	454	5,401	56,246	5,870	68,106
Jackson--City Bank and Trust Company, N.A.....	23,338	180,920	129,657	1,484	62,063	252,927	37,457	356,651
Jackson--Comerica Bank-Jackson, N.A.....	227,482	27,976	93,926	2,287	92,708	246,714	24,772	366,941
Kalamazoo--First of America Bank-Michigan, N.A.	143,784	239,385	608,454	7,621	156,240	629,463	69,454	1,103,319

** Includes Subordinated Notes and Debentures

NATIONAL BANKS AS OF DECEMBER 31, 1987

(000's Omitted)

Location and Name of Bank	Cash and Due From Depository Institutions	Total Securities	Net Loans	Allowance For Loan Losses	Non- Interest Bearing Deposits	Interest Bearing Deposits	Total Capital**	Total Assets and/or Total Liabilities
L'Anse--Commercial National Bank of L'Anse....	13,369	7,244	14,638	163	4,563	28,795	2,472	35,936
Lansing--Capitol National Bank.....	4,230	5,829	29,016	308	8,058	32,488	3,260	44,302
Lansing--Comerica Bank-Lansing, N.A.....	4,096	360	466	14	3,713	6,879	1,448	12,323
Lansing--Old Kent Bank of Lansing, N.A.....	6,954	3,046	22,798	306	8,045	25,729	1,988	36,089
Lapeer--First of America Bank-Lapeer, N.A.....	3,696	20,970	59,173	2,792	12,375	70,018	6,608	93,922
Ludington--First of America Bank- Ludington, N.A.....	3,584	13,455	40,115	523	8,354	47,618	4,252	61,592
Madison Heights--The Madison National Bank.....	6,340	6,346	43,725	628	12,966	42,637	5,065	61,211
Manistee--Security National Bank of Manistee...	8,244	25,024	56,165	458	8,997	78,499	8,801	98,249
Manistique--The First National Bank at Manistique.....	3,699	16,353	31,991	301	4,944	44,002	5,733	55,177
Marquette--The First National Bank & Trust Company of Marquette.....	14,997	21,779	151,503	1,790	26,087	167,843	16,582	213,482
Marquette--First of America Bank- Marquette, N.A.....	4,710	20,183	66,314	939	13,245	77,087	6,958	98,511
Mason--The Dart National Bank of Mason.....	13,807	19,905	52,339	500	12,627	71,637	6,302	91,502
Menominee--First National Bank and Trust of Menominee.....	2,955	16,122	37,643	445	9,200	49,173	4,805	63,563
Mount Clemens--First National Bank in Mount Clemens.....	18,169	85,525	174,917	2,438	62,692	217,469	19,523	304,054
Muskegon--Comerica Bank-Hackley, N.A.....	179,649	28,259	79,711	1,226	31,309	259,596	19,452	313,019
Negaunee--The First National Bank of Negaunee..	3,304	30,796	21,949	219	5,634	47,376	5,820	59,498
Norway--The First National Bank of Norway.....	1,685	12,007	19,216	193	3,706	28,015	3,827	35,773
Novi--Comerica Bank-Metro West, N.A.....	11,157	2,349	15,098	187	12,427	65,350	4,671	83,484
Ontonagon--The First National Bank in Ontonagon.....	2,489	6,935	6,477	100	1,693	14,859	1,368	18,040
Petoskey--First of America Bank-Petoskey, N.A..	2,246	3,278	19,405	245	2,551	22,114	1,882	26,954
Petoskey--NBD Petoskey, N.A.....	6,089	41,477	92,475	1,193	15,501	117,292	9,752	145,248
Pigeon--Thumb National Bank and Trust Company..	2,938	15,855	63,828	675	4,782	76,998	6,251	88,755
Plymouth--First of America Bank-Plymouth, N.A..	7,208	15,587	54,366	729	16,873	58,499	5,797	82,087
Pontiac--First of America Bank-Oakland Macomb, N.A.....	53,429	196,131	321,696	4,385	101,525	436,372	48,681	598,316
Quincy--First of America Bank-South Central, N.A.....	3,892	13,192	41,683	570	7,156	49,606	4,192	61,629
Rochester--First of America Bank-Rochester, N.A.....	4,170	9,789	49,310	624	15,073	46,425	4,481	66,240
Rogers City--Huron National Bank.....	527	2,534	9,735	165	1,245	11,682	954	13,958
Royal Oak--National Bank of Royal Oak.....	4,865	28,692	63,518	542	17,995	78,095	7,777	105,332
Saginaw--Second National Bank of Saginaw.....	42,157	137,113	389,884	4,753	95,405	442,700	45,476	613,106
Sault Ste. Marie--First of America Bank- Sault Ste. Marie, N.A.....	3,875	6,125	34,564	527	7,415	40,125	4,007	51,631
St. Ignace--The First National Bank of St. Ignace.....	3,344	17,517	34,906	365	8,125	49,607	5,776	64,147
Sterling Heights--Comerica Bank-Metro East, N.A.....	18,627	6,785	9,888	156	19,505	123,141	9,237	154,223
Sturgis--First National Bank & Trust Company...	16,752	31,157	44,540	488	12,571	70,478	7,440	97,622
Taylor--Charter National Bank.....	20,925	48,619	63,912	938	20,431	109,107	10,683	144,497
Three Rivers--The First National Bank of Three Rivers.....	3,208	28,889	37,595	325	10,386	53,635	6,620	72,442
Traverse City--The Empire National Bank of Traverse City.....	11,076	47,173	137,678	1,600	32,152	163,087	14,382	212,821
Traverse City--First of America Bank-Grand Traverse, N.A.....	3,281	9,858	57,428	747	10,209	60,560	4,254	76,487
Traverse City--NBD Northwest Bank, N.A.....	9,929	43,955	73,760	1,275	17,112	113,322	10,846	141,992
Wakefield--The First National Bank of Wakefield.....	1,781	6,346	15,524	158	2,822	19,775	1,887	24,745
Warren--Comerica Bank-Warren, N.A.....	27,792	17,451	59,806	455	36,058	292,137	23,534	356,242
West Branch--Bank of West Branch, N.A.....	4,013	1,540	6,532	68	1,937	10,867	1,348	14,507
Ypsilanti--The National Bank of Ypsilanti.....	11,477	33,504	50,771	542	16,547	83,740	8,399	110,468

** Includes Subordinated Notes and Debentures

CORPORATE REGULATORY SERVICES DIVISION

The division performs two major functions: monitoring and supervising state-chartered savings and loan associations and processing corporate applications submitted by banks, savings and loans, and credit unions.

Corporate Activities Program

The volume of applications processed by the division increased in 1987. Branch applications increased approximately 500% while the number of consolidation applications rose nearly 300%. Eighteen section 172 designations were processed and 16 trust services agreements were acknowledged. Four de novo bank applications were acted upon as compared with none in 1986 and one in 1985.

Twelve interstate bank applications were processed in 1987. Seven of the applications were submitted by five bank holding companies domiciled in Michigan. Four applications were submitted by two Ohio-based holding companies while one Indiana bank holding company filed an application to acquire a Michigan bank holding company. Illinois was the favorite target state for Michigan bank holding companies as all applications were to acquire Illinois financial organizations. The Bureau continued its efforts to facilitate interstate transactions by entering into agreements to share confidential information with the state of Wisconsin.

The Bureau continued its efforts to attract foreign banks into Michigan. In 1984, the state of Michigan enacted legislation to permit the establishment of foreign bank agency offices. With the passage of PA 250

of the Public Acts of 1984, a foreign bank authorized by its charter or articles of incorporation to engage in the business of banking, which has complied with the laws of the foreign country in which it is chartered or incorporated, and which does not operate a federal agency in Michigan, may apply to the Commissioner for permission to engage in the business of banking in Michigan. The operations of the agency may be conducted with the same rights and privileges, and subject to all the same duties, restrictions, penalties, liabilities, conditions, and limitations that would apply to domestic banks. The only exceptions to this are that a foreign bank agency may not accept or solicit deposits from citizens or residents of the United States, or exercise trust powers.

To date, three foreign banks have elected to establish a presence in Michigan. Lloyd's Bank Plc was the first to establish an agency office in the City of Detroit in the fall of 1985. More recently, an associate of The Bank of Tokyo, The Chicago-Tokyo Bank, and The Mitsui Bank have established offices in the Metropolitan Detroit area. In addition, during 1987 the Bureau has had contact with representatives from seven other foreign banking interests, including The People's Bank of China.

To apply for permission to establish a foreign bank agency office in Michigan, a foreign bank must file an application with the Bureau and pay a fee of \$3,000.00. A decision regarding the application is rendered within 100 days of acceptance of the application.

Savings and Loan Program

State-chartered savings and loan associations are governed by the Savings and Loan Act of 1980, as amended, Act No. 307 of the Public Acts of 1980 (Act). The savings and loan program regulates and supervises state-chartered savings and loan associations in Michigan in accordance with the Act. The purpose of supervision is to ensure the safe and sound operation of all state-chartered associations, to enforce statutory compliance, protect the public interest, and maintain confidence in the system. Six savings and loan associations are currently supervised by Bureau personnel. Three of the six associations have mutual charters and three are stock charters.

Examination

The Bureau has discontinued its participation in a joint examination program with the Federal Home Loan Bank of Indianapolis. In October of 1987, Bureau examiners implemented an

Independent examination program which emphasizes safety and soundness rather than strict compliance with federal regulations. An institution is evaluated in accordance with the CAMEL rating system (an acronym representing Capital adequacy; Asset quality; Management; Earnings; and Liquidity). Each association is told what its CAMEL rating is and why the rating was assigned. Associations assigned a CAMEL rating of 3, 4, or 5 may be subjected to an appropriate level of supervisory action. Two examinations were conducted in 1987 under the new program.

Savings and Loan Supervision

Interest rates rose rapidly in April causing interest margins to narrow and profits to suffer. Overall, however, state-chartered savings and loans were able to adjust to the unfavorable operating climate and to maintain their net worth positions. The table below reports the level of problem associations over the last five years.

SUMMARY OF MICHIGAN STATE-CHARTERED PROBLEM SAVINGS AND LOANS

	Total S&Ls <u>Supervised</u>	Problem S&Ls <u>Removed</u>	Problem S&Ls <u>Identified</u>	Year-End Problem <u>S&Ls</u>
1983	20	3	0	1
1984	20	0	1	2
1985	11	2	0	0
1986	9	0	0	0
1987	6	0	0	0

Structural Activities

As evident from the table presented above, the number of state chartered savings and loans continued to decline. In 1987, Marshall Savings

and Loan Association, Three Rivers Savings and Loan Association, and First Savings Association of Ypsilanti converted to federal savings bank charters. The federal savings bank charter was very popular

as Great Lakes Federal Savings and Loan Association and Eaton Federal Savings and Loan Association also converted. A new savings bank known as First Security Savings Bank, FSB commenced operation in Bloomfield Hills while Metrobank, Federal Savings Bank converted to a state chartered savings bank as part of a process whereby it was acquired by Comerica Incorporated, a Michigan bank holding company.

The application submitted by Colonial Savings Association, Green Bay, Wisconsin, for a branch in Kingsford, Michigan, after receiving approvals from the States of Wisconsin and Michigan was withdrawn.

Savings and loan holding companies have become increasingly popular as First Federal Savings Bank & Trust, Pontiac, was acquired by First Federal Bancorp, Inc., and D&N Savings Bank, FSB, Hancock, was acquired by D&N Financial Corp. This raises the number of Michigan savings institutions owned by holding companies to six.

Industry Trends

Nationwide, 1987 was an unprofitable year for the savings institution industry. Annualized net income to average assets declined from 1986's negative 0.49% to a negative 0.91%. The well-publicized plight of the savings institutions in the southwest had an enormously negative impact upon the industry's overall performance. Cost of money to average savings and borrowings was essentially unchanged at 7.43% in spite of an interest rate spike in April. However, the industry's interest margin suffered as interest income to average loans and investments (annualized) declined from 9.43% to 9.25%. The adverse operating results are reflected in the capital to assets ratio as the

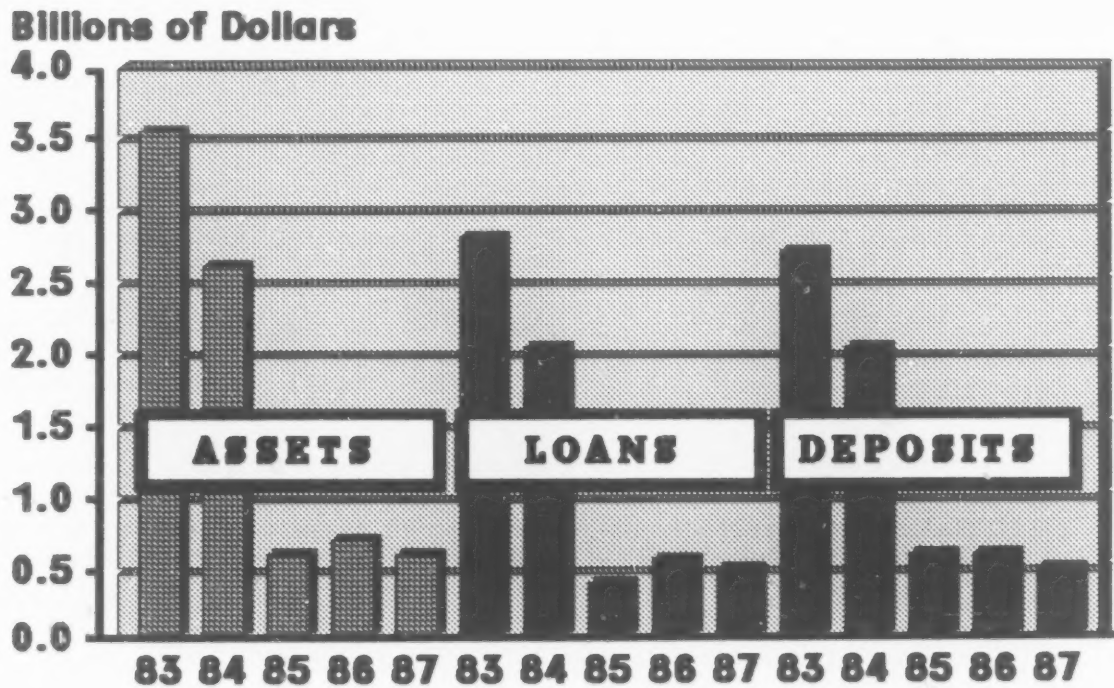
ratio declined from 4.63% in 1986 to 4.05% at year-end 1987. Deposits in 1987 increased less than 5%. Passbook accounts as a percentage of total deposits increased from 8.94% in 1986 to 9.27% in 1987. Transaction accounts as a percentage of total deposits also increased during 1987 from 5.63% to 5.78%. Money market deposit accounts fell from 15.36% in 1986 to 12.37% in 1987. Two other trends are worthy of note: "slow loans", reposessions and "loans to facilitate" as a percentage of assets increased from 2.96% in 1985 to 4.83% in 1987; and balloon and adjustable rate mortgages as a percentage of total mortgages increased from 39.42% to 45.79% for the same period.

Legislation and Regulation

Act 106 of the public acts of 1987, amending the Savings and Loan Act of 1980, was signed by the Governor on July 7, 1987. The Act's principal provisions authorize interstate branching and acquisitions on a nationwide basis; a variety of activities that were formerly reserved for service corporations; securities brokerage activities; owning and leasing personal property; conversion to a commercial bank; and conversion to a savings bank.

Supervisory Letters 15 and 16 were issued in 1987. Supervisory Letter No. 15 addressed the use of the CAMEL rating and its disclosure and Supervisory Letter No. 16 dealt with the establishment of loan production offices. Foreign Bank Advisory Bulletins 1 through 4 were issued to address: supervision of foreign bank state agency offices; credit balances incidental to or arising out of, the exercise of lawful powers; community reinvestment act and foreign bank agencies; and establishment of foreign bank representative offices in Michigan.

COMPARATIVE CHART OF ASSETS, LOANS AND DEPOSITS OF STATE SAVINGS AND LOAN ASSOCIATIONS IN MICHIGAN



Notes To Statistical Tables

Absent additional disclosures and clarifications, the savings and loan associations' statistical information contained in the following pages would be misleading or present a distorted picture. Therefore, the reader should be aware of these considerations:

1. The "Percentage Increase (Decrease)" figures presented in the Consolidated Balance sheets, Statements of Operation, and Comparative Asset Total Schedule reflect the aggregates at year-end and have not been adjusted for conversions, mergers, etc. The totals for each year are derived from varying institution populations and consequently, are not useful for making comparative analyses.
2. "Undivided Profits and Reserves" listed in the liabilities and net worth portion of the Reports of

Condition for State and Federal Associations includes such items as subordinated debt, appraised equity capital, net worth certificates, accrued net worth certificates, and income capital certificates.

3. "Total Assets", as reported in the Reports of Condition for Federal Associations, includes the non-Michigan assets of Standard Federal Bank, Troy, which has offices in Indiana. First Federal of Michigan, Detroit, has offices in Virginia and South Carolina.
4. Branch information excludes non-Michigan offices.
5. New charters are issued at conversion, but these new charters are not included in the Charter Applications Table, as that is restricted to newly insured institutions.

CONSOLIDATED BALANCE SHEET OF STATE SAVINGS AND LOAN ASSOCIATIONS
(000's Omitted)

	9 Associations December 31, 1986	6 Associations December 31, 1987	Percent Increase (Decrease)
ASSETS			
Mortgage Loans and Contracts.....	\$544,896	\$497,946	(8.6)
Other Loans.....	33,044	23,752	(28.1)
Real Estate Owned and In Judgment.....	4,414	3,709	(16.0)
Real Estate for Development.....	1,049	1,313	25.2
Cash and Investment Securities.....	104,376	66,401	(36.4)
Office Buildings and Equipment (Net).....	10,254	8,752	(14.6)
Investment In Service Corporations.....	1,585	1,986	25.3
Other Assets.....	<u>17,559</u>	<u>19,859</u>	13.1
Total Assets.....	<u>\$717,177</u>	<u>\$623,718</u>	(13.0)
LIABILITIES AND NET WORTH			
Time Deposits.....	\$415,757	\$347,134	(16.5)
Passbook and Transaction Deposits.....	<u>188,224</u>	<u>160,155</u>	(14.9)
Total Deposits.....	<u>\$603,981</u>	<u>\$507,289</u>	(16.0)
Borrowed Money.....	\$ 40,349	\$ 64,381	59.6
Other Liabilities.....	<u>33,177</u>	<u>17,888</u>	(46.1)
Total Liabilities.....	<u>\$677,507</u>	<u>\$589,558</u>	(13.0)
General Reserves and Undivided Profits.....	\$ 25,273	\$ 19,783	(21.7)
Net Worth Certificates.....	-	-	-
Capital Stock.....	10,412	10,862	4.3
Capital In Excess of Par.....	<u>3,985</u>	<u>3,515</u>	(11.8)
Total Net Worth.....	<u>\$ 39,670</u>	<u>\$ 34,160</u>	(13.9)
Total Liabilities and Net Worth..	<u>\$717,177</u>	<u>\$623,718</u>	(13.0)

CONSOLIDATED STATEMENT OF OPERATIONS OF
STATE SAVINGS AND LOAN ASSOCIATIONS
(000's Omitted)

	<u>1986</u>	<u>1987</u>	Percent increase (Decrease)
INCOME			
OPERATING INCOME			
Interest on:			
Mortgage Loans and Contracts.....	\$54,494	\$52,518	(3.6)
Other Loans.....	3,764	2,850	(24.3)
Investments and Deposits.....	<u>6,837</u>	<u>4,745</u>	(30.6)
Total Interest.....	<u>\$65,095</u>	<u>\$60,113</u>	(7.6)
Loan Fees and Charges.....	\$ 2,636	\$ 4,021	52.5
Other Operating Income.....	<u>2,375</u>	<u>3,136</u>	32.0
Total Operating Income.....	<u>\$70,106</u>	<u>\$67,270</u>	(4.1)
NON-OPERATING INCOME			
Other Non-Operating Income.....	\$ 2,693	\$ 2,176	(19.2)
Total Income.....	<u>\$72,799</u>	<u>\$69,446</u>	(4.6)
EXPENSE			
OPERATING EXPENSE			
Salaries, Wages, Fees, Benefits.....	\$ 7,787	\$ 8,432	8.3
Directors, Officers and Employees Expense Accounts.....	257	224	(12.8)
Office Occupancy, Furniture and Fixtures Expense.....	3,066	2,954	(3.6)
Advertising.....	916	844	(7.9)
Other Operating Expense.....	<u>6,478</u>	<u>6,423</u>	(0.8)
Total Operating Expense.....	<u>\$18,504</u>	<u>\$18,877</u>	2.0
COST OF MONEY			
Interest on Deposits.....	\$40,693	\$34,798	(14.5)
Interest on Borrowed Money.....	<u>3,288</u>	<u>5,488</u>	66.9
Total Cost of Money.....	<u>\$43,981</u>	<u>\$40,286</u>	(8.4)
NON-OPERATING EXPENSE			
Income Taxes.....	\$ 2,340	\$ 2,441	4.3
Other Non-Operating Expense.....	<u>1,701</u>	<u>2,781</u>	63.5
Total Non-Operating Expense.....	<u>\$ 4,041</u>	<u>\$ 5,222</u>	29.2
Total Expense.....	<u>\$66,526</u>	<u>\$64,385</u>	(3.2)
NET INCOME.....	<u>\$ 6,273</u>	<u>\$ 5,061</u>	(19.3)

CONSOLIDATED BALANCE SHEET OF FEDERAL SAVINGS INSTITUTIONS
(000's Omitted)

	41 Institutions December 31, 1986	44 Institutions December 31, 1987	Percent Increase (Decrease)
ASSETS			
Mortgage Loans and Contracts.....	\$ 23,768,607	\$ 25,112,753	9.5
Other Loans.....	1,773,134	1,940,919	11.4
Real Estate Owned and In Judgment.....	80,599	89,831	(73.7)
Real Estate for Development.....	31,953	8,412	18.3
Cash and Investment Securities.....	5,968,583	7,057,726	6.1
Office Buildings and Equipment (Net).....	339,595	360,404	(22.1)
Investment in Service Corporations.....	136,098	105,968	1.65
Other Assets.....	<u>1,360,376</u>	<u>1,382,848</u>	
Total Assets.....	\$ <u>33,458,945</u>	\$ <u>36,058,861</u>	7.8
LIABILITIES AND NET WORTH			
Time Deposits.....	\$ 13,616,411	\$ 13,779,993	1.2
Passbook and Transaction Deposits.....	<u>6,590,344</u>	<u>6,775,083</u>	2.8
Total Deposits.....	\$ <u>20,206,755</u>	\$ <u>20,555,077</u>	1.7
Borrowed Money.....	\$ 11,194,837	\$ 12,982,103	16.0
Other Liabilities.....	<u>691,431</u>	<u>769,210</u>	11.3
Total Liabilities.....	\$ <u>32,093,023</u>	\$ <u>34,306,390</u>	6.9
General Reserves and Undivided Profits.....	\$ 1,164,777	\$ 1,274,241	9.4
Net Worth Certificates.....	1,725	1,495	(13.3)
Capital Stock.....	11,040	44,904	306.7
Capital In Excess of Par.....	<u>188,380</u>	<u>431,831</u>	129.2
Total Net Worth.....	\$ <u>1,365,922</u>	\$ <u>1,752,471</u>	28.3
Total Liabilities and Net Worth.....	\$ <u>33,458,945</u>	\$ <u>36,508,861</u>	7.8

CONSOLIDATED STATEMENT OF OPERATIONS OF
FEDERAL SAVINGS INSTITUTIONS
(000's Omitted)

	1986 *	1987	Percent Increase (Decrease)
INCOME			
OPERATING INCOME			
Interest on:			
Mortgage Loans and Contracts.....	\$2,500,899	\$2,432,973	(2.7)
Other Loans.....	193,881	201,186	3.8
Investments and Deposits.....	<u>448,933</u>	<u>544,818</u>	23.6
Total Interest.....	<u>\$3,143,713</u>	<u>\$3,178,977</u>	1.1
Loan Fees and Charges.....	\$ 31,412	\$ 37,725	20.1
Other Operating Income.....	<u>86,109</u>	<u>100,145</u>	16.3
Total Operating Income.....	<u>\$3,261,234</u>	<u>\$3,316,847</u>	1.7
NON-OPERATING INCOME			
Total Non-Operating Income.....	<u>\$ 308,743</u>	<u>\$ 180,733</u>	(41.5)
Total Income.....	<u>\$3,569,977</u>	<u>\$3,497,580</u>	(2.0)
EXPENSE			
OPERATING EXPENSE			
Salaries, Wages, Fees and Benefits.....	\$ 203,466	\$ 222,863	8.7
Directors, Officers and Employees Expense Accounts.....	4,428	4,012	(9.4)
Office Occupancy, Furniture, Fixtures and Equipment Expense.....	81,299	90,022	10.7
Advertising.....	15,747	18,613	18.2
Other Operating Expense.....	<u>169,823</u>	<u>183,355</u>	8.0
Total Operating Expense.....	<u>\$ 474,763</u>	<u>\$ 518,865</u>	9.3
COST OF MONEY			
Interest on Deposits.....	\$1,652,342	\$1,560,979	(5.5)
Interest on Borrowed Money.....	<u>988,793</u>	<u>1,058,967</u>	7.1
Total Cost of Money.....	<u>\$2,641,135</u>	<u>\$2,619,946</u>	(0.8)
NON-OPERATING EXPENSE			
Income Taxes.....	\$ 122,929	\$ 104,598	(14.9)
Other Non-Operating Expense.....	<u>127,080</u>	<u>114,832</u>	(9.6)
Total Non-Operating Expense.....	<u>\$ 250,009</u>	<u>\$ 219,430</u>	(12.2)
Total Expense.....	<u>\$3,365,907</u>	<u>\$3,358,241</u>	(0.2)
NET INCOME.....	<u>\$ 204,070</u>	<u>\$ 139,339</u>	(31.7)

* The 1986 operations figures have been adjusted to exclude the operations of Bay Savings Bank, FSB, a subsidiary of First Federal of Michigan, which were erroneously reflected in the 1986 Annual Report consolidated Statement of Operations.

REPORTS OF CONDITION - DECEMBER 31, 1987
STATE SAVINGS AND LOAN ASSOCIATIONS
ASSETS
(000's Omitted)

<u>Name and Location of Association</u>	<u>Cash and Securities</u>	<u>Mortgage Loans & Contracts</u>	<u>Other Loans</u>	<u>Fixed Assets And Real Estate</u>	<u>Other Assets</u>	<u>Total Assets</u>
Hastings Savings and Loan Association, Hastings.....	\$ 7,551	\$ 37,612	\$ 288	\$ 1,886	\$ 527	\$ 47,864
New Buffalo Savings and Loan Association, New Buffalo.....	2,288	44,996	475	871	429	49,059
Macomb Savings and Loan Association, St. Clair Shores....	15,447	14,080	71	28	443	30,069
Franklin Savings and Loan Association, Southfield.....	23,043	259,134	10,176	2,766	4,806	299,925
Sterling Savings and Loan Association, Southfield.....	13,175	65,519	4,054	3,710	14,027	100,485
Northwestern Savings and Loan Association, Traverse City.....	4,897	76,605	8,688	4,513	1,613	96,316
TOTALS - 6 ASSOCIATIONS	\$ 66,401	\$497,946	\$23,752	\$13,774	\$21,845	\$623,718

REPORTS OF CONDITION - DECEMBER 31, 1987
STATE SAVINGS AND LOAN ASSOCIATIONS
LIABILITIES AND NET WORTH
(000's Omitted)

<u>Name and Location of Association</u>	<u>Passbook And Trans- action Deposits</u>	<u>Time Deposits</u>	<u>Borrowed Money</u>	<u>Other Liabilities</u>	<u>Common Stock</u>	<u>Capital In Excess Of Par</u>	<u>Undivided Profits And Reserves</u>
Hastings Savings and Loan Association, Hastings.....	\$ 13,103	\$ 30,114	\$ 45	\$ 226	\$ -	\$ -	\$ 4,376
New Buffalo Savings and Loan Association, New Buffalo.....	12,587	30,358	2,710	421	-	-	2,983
Mecomb Savings and Loan Association, St. Clair Shores..	5,447	21,914		419	-	-	2,289
Franklin Savings and Loan Association, Southfield.....	75,667	182,634	25,000	4,320	7,580	2,145	2,579
Sterling Savings and Loan Association, Southfield.....	25,203	30,797	27,207	11,905	3,082	771	1,520
Northwestern Savings and Loan Association, Traverse City.....	28,148	51,317	9,419	597	200	599	6,036
TOTALS - 6 ASSOCIATIONS	\$160,155	\$347,134	\$64,381	\$17,888	\$10,862	\$3,515	\$19,783

REPORTS OF CONDITION - DECEMBER 31, 1987
FEDERAL SAVINGS INSTITUTIONS
ASSETS
(000's Omitted)

<u>Name and Location of Institution</u>	<u>Cash And Securities</u>	<u>Mortgage Loans And Contracts</u>	<u>Other Loans</u>	<u>Fixed Assets And Real Estate</u>	<u>Other Assets</u>	<u>Total Assets</u>
First Federal Savings and Loan Association of Lenawee County, Adrian.....	\$ 37,880	\$ 151,936	\$ 1,542	\$ 2,086	\$ 2,068	\$ 195,512
Homestead Savings and Loan, F.A. Albion.....	3,809	19,738	727	1,068	338	25,680
First Federal Savings and Loan Association of Alpena, Alpena.....	9,760	56,096	1,518	1,059	1,345	69,778
Great Lakes Bancorp, A Federal Savings Bank, Ann Arbor.....	271,870	2,223,095	450,376	29,417	168,475	3,143,233
Regency Savings Bank, FSB, Ann Arbor.....	29,603	129,012	783	11,174	9,454	180,026
Mutual Savings and Loan Associ- ation, F.A., Bay City.....	417,892	702,777	69,462	18,169	40,201	1,248,501
Bloomfield Savings & Loan Associ- ation, F.A., Birmingham.....	74,999	433,613	78,166	15,374	67,520	699,672
First Security Savings Bank, FSB, Bloomfield Hills.....	12,520	7,847	-0-	550	1,768	22,685
LaSalle Federal Savings and Loan Association of Buchanan.....	20,958	77,323	647	1,802	3,172	103,902
Eaton Federal Savings Bank, Charlotte.....	16,312	77,976	2,191	2,502	869	99,850
Branch County Federal Savings and Loan Association, Coldwater.....	14,171	49,817	1,909	1,406	1,098	68,401
Dearborn Federal Savings Bank, Dearborn.....	13,865	171,705	3,699	3,075	2,166	194,510
First Dearborn, F.A., Dearborn.....	48,846	98,176	1,319	20,424	31,105	199,870
Detroit Federal Savings and Loan Association, Detroit.....	8,641	159,921	11,198	3,905	8,224	191,889
First Federal of Michigan, Detroit.....	2,642,358	8,213,134	266,779	74,087	327,584	11,523,942
Home Federal Savings Bank, Detroit,	5,041	14,974	1,777	566	535	22,893
Northern Michigan Savings Bank, FSB, Escanaba.....	31,736	25,546	10,925	1,970	316	70,493
United Savings Bank, FSB, Farmington Hills.....	10,875	44,626	2,458	836	1,323	60,118
Primebank Federal Savings Bank, Grand Rapids.....	58,522	246,734	56,667	18,255	3,947	384,125
West Side Federal Savings and Loan Association of Grand Rapids.....	8,557	70,576	-0-	317	741	80,191
D&N Savings Bank, FSB, Hancock.....	300,507	1,355,562	44,698	22,499	85,745	1,809,011
Ottawa Savings and Loan, F.A. Holland.....	24,344	174,747	4,144	2,918	3,150	209,303
First Federal Savings and Loan Association of Livingston County, Howell.....	57,948	93,109	10,648	2,383	2,724	166,812
Security Savings Bank, FSB, Jackson.....	51,266	171,063	38,965	2,958	6,140	270,392

REPORTS OF CONDITION - DECEMBER 31, 1987
FEDERAL SAVINGS INSTITUTIONS
ASSETS
(000's Omitted)

<u>Name and Location of Institution</u>	<u>Cash And Securities</u>	<u>Mortgage Loans And Contracts</u>	<u>Other Loans</u>	<u>Fixed Assets And Real Estate</u>	<u>Other Assets</u>	<u>Total Assets</u>
Fidelity Federal Savings and Loan Association of Kalamazoo.....	23,500	157,302	4,774	4,317	8,499	198,392
First Federal Savings and Loan Association of Kalamazoo.....	141,919	499,343	41,400	11,398	12,163	706,223
Capitol Federal Savings Bank Lansing.....	143,746	456,241	7,555	6,841	10,866	625,249
Union Federal Savings, Lansing....	19,988	103,323	21,213	2,491	7,570	154,585
Ludington Savings Bank, F.S.B., Ludington.....	12,921	17,788	260	447	374	31,790
Marshall Savings Bank, F.S.B., Marshall.....	2,387	28,274	4,097	552	353	35,663
Wolverine Federal Savings and Loan Association, Midland.....	7,138	83,274	4,636	2,097	1,900	99,045
Peoples Savings Bank, FSB, Monroe..	147,490	146,965	57,272	4,212	7,716	363,655
Colonial Central Savings Bank, FSB, Mount Clemens.....	25,436	374,851	21,599	5,882	20,278	448,046
Muskegon Federal Savings and Loan Association, Muskegon.....	16,541	164,590	11,517	6,889	2,577	202,114
First Federal Savings Bank & Trust, Pontiac.....	123,300	1,002,652	157,755	32,043	63,923	1,379,673
Citizens Federal Savings and Loan Association of Port Huron.....	47,776	178,907	105,393	7,567	3,308	342,951
Peoples Savings Association, F.A., St. Joseph.....	17,980	84,360	1,784	5,125	9,237	118,486
St. Joseph Savings and Loan Association, F.A., St. Joseph.....	72,493	68,556	29,134	2,925	5,777	178,885
Sturgis Federal Savings Bank, Sturgis.....	8,585	38,033	3,221	822	1,066	51,727
Guaranty Federal Savings Bank, Taylor.....	31,097	129,167	46,512	9,891	19,582	236,249
Heritage Federal Savings Bank, Taylor.....	183,189	697,743	10,005	24,269	49,032	964,238
First Savings Bank, a Federal Savings Bank, Three Rivers.....	26,864	64,515	2,394	2,044	1,864	97,681
Standard Federal Bank, Troy.....	1,828,548	5,991,677	348,662	89,175	490,807	8,748,869
InterFirst Federal Savings Bank, Ypsilanti.....	4,548	56,089	1,138	860	1,916	64,551
44 Federal Institutions.....	\$7,057,726	\$25,112,753	\$1,940,919	\$458,647	\$1,488,816	\$36,058,861

REPORTS OF CONDITION - DECEMBER 31, 1987
FEDERAL SAVINGS INSTITUTIONS
LIABILITIES AND NET WORTH
(000's Omitted)

<u>Name and Location of Institution</u>	<u>Total Deposits</u>	<u>Borrowed Money</u>	<u>Other Liabilities</u>	<u>Common Stock</u>	<u>Capital In Excess Of Par</u>	<u>Undivided Profits And Reserves</u>
First Federal Savings and Loan Association of Lenawee County, Adrian.....	\$ 173,464	\$ -0-	\$ 2,710	\$ -0-	\$ -0-	\$ 19,338
Homestead Savings and Loan, F.A., Albion.....	24,072	-0-	352	-0-	-0-	1,256
First Federal Savings and Loan Association of Alpena, Alpena.....	65,309	200	80	-0-	-0-	4,189
Great Lakes Bancorp, A Federal Savings Bank, Ann Arbor.....	1,649,556	1,286,459	45,122	39	35,988	126,069
Regency Savings Bank, FSB, Ann Arbor.....	161,358	35,575	6,259	-0-	-0-	(23,166)
Mutual Savings and Loan Associ- ation, F.A., Bay City.....	741,363	428,475	21,548	-0-	-0-	57,115
Bloomfield Savings & Loan Associ- ation, F.A., Birmingham.....	590,768	90,186	5,194	3,544	9,007	(29,027)
First Security Savings Bank, FSB, Bloomfield Hills.....	19,116	262	286	3,000		21
LaSalle Federal Savings and Loan Association of Buchanan.....	98,836	-0-	1,228	-0-	-0-	3,838
Eaton Federal Savings Bank, Charlotte.....	90,599	-0-	858	-0-	-0-	8,393
Branch County Federal Savings and Loan Association, Coldwater.....	59,660	5,000	740	-0-	-0-	3,001
Dearborn Federal Savings Bank, Dearborn.....	155,022	25,500	5,762	-0-	-0-	8,226
First Dearborn, F.A., Dearborn.....	229,307	4,756	2,161	-0-	-0-	(36,354)
Detroit Federal Savings and Loan Association, Detroit.....	131,536	49,682	3,930	60	1,360	5,321
First Federal of Michigan, Detroit.....	4,961,698	5,829,818	256,687	109	80,781	394,849
Home Federal Savings Bank, Detroit.	21,224	-0-	244	-0-	-0-	1,425
Northern Michigan Savings Bank, FSB, Escanaba.....	64,095	-0-	1,737	1,350	1,250	2,061
United Savings Bank, FSB, Farmington Hills.....	57,723	14	394	2,457	614	(1,084)
Primebank Federal Savings Bank, Grand Rapids.....	327,542	29,354	10,550	1,078	5,420	10,181
West Side Federal Savings and Loan Association of Grand Rapids.....	74,218	-0-	236	-0-	-0-	5,737
D&N Savings Bank, FSB, Hancock.....	1,019,543	620,705	71,379	32	24,196	73,156
Ottawa Savings and Loan, F.A., Holland.....	181,073	11,068	3,172	-0-	-0-	13,990
First Federal Savings and Loan Association of Livingston County, Howell.....	156,746	-0-	3,621	-0-	-0-	6,445
Security Savings Bank, FSB, Jackson.....	179,314	74,797	4,743	587	4,116	6,835

REPORTS OF CONDITION - DECEMBER 31, 1987
FEDERAL SAVINGS INSTITUTIONS
LIABILITIES AND NET WORTH
(000's Omitted)

<u>Name and Location of Institution</u>	<u>Total Deposits</u>	<u>Borrowed Money</u>	<u>Other Liabilities</u>	<u>Common Stock</u>	<u>Capital In Excess Of Par</u>	<u>Undivided Profits And Reserves</u>
Fidelity Federal Savings and Loan Association of Kalamazoo.....	\$ 181,605	\$ 5,000	\$ 1,517	\$ -0-	\$ -0-	\$ 10,270
First Federal Savings and Loan Association of Kalamazoo.....	481,780	165,374	13,404	18	14,838	30,809
Capitol Federal Savings Bank, Lansing.....	458,028	132,530	9,436	-0-	-0-	25,255
Union Federal Savings, Lansing.....	140,113	-0-	4,119	-0-	-0-	10,353
Ludington Savings Bank, F.S.B., Ludington.....	30,285	-0-	92	-0-	-0-	1,413
Marshall Savings Bank, F.S.B., Marshall.....	32,411	449	300	-0-	-0-	2,503
Wolverine Federal Savings and Loan Association, Midland.....	86,170	5,000	2,215	-0-	-0-	5,660
Peples Savings Bank, FSB, Monroe..	312,111	10,020	3,812	2,200	20,268	15,244
Colonial Central Savings Bank, FSB, Mount Clemens.....	276,776	139,113	9,027	1	11,255	11,874
Muskegon Federal Savings and Loan Association, Muskegon.....	191,683	10,093	2,205	-0-	-0-	(1,867)
First Federal Savings Bank & Trust, Pontiac.....	883,794	410,048	30,106	1	17,119	38,605
Citizens Federal Savings and Loan Association of Port Huron.....	322,845	-0-	2,382	-0-	-0-	17,724
Peoples Savings Association, F.A., St. Joseph.....	116,727	1,481	979	-0-	-0-	(701)
St. Joseph Savings and Loan Association, F.A., St. Joseph,....	155,265	10,128	2,659	-0-	-0-	10,833
Sturgis Federal Savings Bank, Sturgis.....	48,041	422	688	-0-	-0-	2,576
Guaranty Federal Savings Bank, Taylor.....	200,079	28,776	1,549	10	1,990	3,845
Heritage Federal Savings Bank, Taylor.....	786,236	112,357	16,373	-0-	-0-	49,272
First Savings Bank a Federal Savings Bank, Three Rivers.....	83,510	8,622	616	-0-	-0-	4,933
Standard Federal Bank, Troy.....	4,500,435	3,433,226	210,294	30,418	203,629	370,867
InterFirst Federal Savings Bank, Ypsilanti.....	34,041	17,613	8,444	-0-	-0-	4,453
44 Federal Institutions.....	\$20,555,077	\$12,982,103	\$769,210	\$44,904	\$431,831	\$1,275,736

COMPARATIVE STATISTICAL DATA
STATE-CHARTERED SAVINGS AND LOAN ASSOCIATIONS

	12-31-83	12-31-84	12-31-85	12-31-86	12-31-87
Number of Associations.....	20	20	11	9	6
Number of branches.....	120	82	22	23	13
Number of savings accounts.....	475,363	313,560	71,313	65,631	43,576
Total savings accounts*.....	\$2,711,097	\$2,063,177	\$532,060	\$603,981	\$507,289
Average savings account balance.....	\$ 5,704	\$ 6,580	\$ 7,461	\$ 9,203	\$ 11,641
Total assets*.....	\$3,516,288	\$2,610,134	\$605,928	\$717,177	\$623,718
Number of mortgage loans and contracts outstanding..	98,370	57,456	11,906	12,231	7,054
Number of new mortgage loans and contracts (year)..	11,715**	9,510	2,361	8,042	4,916
Amount of new mortgage loans and contracts (year)*..	\$ 691,221	\$ 466,054	\$ 166,173	\$544,896	\$369,985
Ratio of mortgage loans & contracts to total assets	78.6%	75.3%	75.2%	76.0%	79.8%
Ratio of cash and securities to total savings.....	14.0%	16.6%	17.4%	17.3%	13.1%
Ratio of borrowed money to total assets.....	17.2%	15.9%	4.2%	5.6%	10.3%
Ratio of net income (year) to average assets (year)	1.42%	0.33%	0.80%	0.96%	0.78%
Total interest paid or credited to savers (year)*..	\$ 234,021	\$ 178,295	\$ 42,515	\$ 40,693	\$ 34,798
Total net worth*.....	\$ 140,564	\$ 90,077	\$ 30,691	\$ 39,670	\$ 34,160
Ratio of net worth to total assets.....	4.0%	3.5%	5.1%	5.5%	5.5%
Ratio of net worth to total savings.....	5.2%	4.4%	5.8%	6.6%	6.7%
Number of associations offering ATMs.....	2	3	1	1	1
Number of associations offering transaction accounts	19	19	9	8	5
Number of associations offering trust services.....	2	3	2	1	0

*000's Omitted

**Estimated

COMPARATIVE ASSET TOTALS AND ANNUAL ASSET INCREASE (DECREASE)

State-Chartered Savings and Loan Associations

1978-1987
(000's Omitted)

<u>Year Ended</u>	<u>Total Assets</u>	<u>Annual Assets Increase or (Decrease)</u>
December 31, 1978.....	\$3,764,746	\$ 412,616..... 12.3%
December 31, 1979.....	\$4,115,281	\$ 350,535..... 9.3%
December 31, 1980.....	\$4,450,313	\$ 335,032..... 8.1%
December 31, 1981.....	\$4,190,972	(\$ 259,341)..... (5.8%)
December 31, 1982.....	\$3,266,177	(\$ 924,795)..... (22.1%)
December 31, 1983.....	\$3,516,288	\$ 250,111..... 7.7%
December 31, 1984.....	\$2,610,134	(\$ 906,154)..... (25.8%)
December 31, 1985.....	\$ 605,928	(\$2,004,206)..... (76.8%)
December 31, 1986.....	\$ 717,177	\$ 111,249..... 18.4%
December 31, 1987.....	\$ 623,718	(\$ 93,459)..... (13.0%)

STATE SAVINGS INSTITUTIONS

	1983	1984	1985	1986	1987
Number of Savings Institutions - January 1.....	21	20	20	11	9
<u>Plus:</u> Charters granted.....	1	2	1	0	0
Conversions - Federal to State.....	0	0	0	0	1
<u>Less:</u> Mergers.....	1	0	2	0	0
Conversions - State to Federal.....	1	2	0	2	3
Conversions - State to National Bank.....	-	-	-	-	1
Number of Savings Institutions - December 31.....	20	20	11	9	6

CHARTER APPLICATIONS

	1983	1984	1985	1986	1987
Charters Approved - Mutual/Capital Stock					
State.....	0/3*	0/2	0/0	0/0	0/1
Federal.....	0/2	0/5	0/1	0/0	0/1
Charters Denied - Mutual/Capital Stock					
State.....	0/0	0/0	0/0	0/0	0/0
Federal.....	0/0	0/0	0/0	0/0	0/0
New Savings Institutions Opened - Mutual/Capital Stock					
State.....	0/1	0/2	0/0	0/0	0/1
Federal.....	0/2	0/5	0/1	0/0	0/1

*Includes one phantom savings Institution.

SAVINGS INSTITUTIONS AND BRANCH OFFICES

	1983	1984	1985	1986	1987
Savings Institutions - Mutual					
State.....	15	13	8	6	3
Federal.....	28	26	24	20	17
Federal Savings Banks.....	2	2	6	9	11
Branches - Mutual					
State.....	102	67	13	12	2
Federal.....	389	392	163	121	128
Federal Mutual Savings Banks.....	---	---	165	209	76
Savings Institutions - Capital Stock					
State.....	5	7	3	3	3
Federal.....	2	4	6	4	4
Federal Savings Banks.....	-	1	5	8	12
Branches - Capital Stock					
State.....	18	15	8	11	11
Federal.....	90	169	204	167	120
Federal Savings Banks.....	---	---	29	71	262

SAVINGS AND LOAN HOLDING COMPANIES AND SUBSIDIARIES
December 31, 1987
(000s Omitted)

CENTRAL HOLDING COMPANY
36800 Gratiot
Mount Clemens, MI 48043
PHONE: 313-792-8055

SUBSIDIARY NAME
Colonial Central Savings Bank, FSB

CITY AND STATE
Mount Clemens, MI

ACQUIRED
02/01/84

DEPOSITS
\$ 276,776

D&N FINANCIAL CORP.
400 Quincy Street
Hancock, MI 49930
PHONE: 906-482-2700

SUBSIDIARY NAME
D&N Savings Bank, FSB

CITY AND STATE
Hancock, MI

ACQUIRED
03/11/88

DEPOSITS
\$1,019,543

FIRST FEDERAL BANCORP, INC.
761 West Huron Street
Pontiac, MI 48053
PHONE: 313-333-7871

SUBSIDIARY NAME
First Federal Savings Bank and Trust

CITY AND STATE
Pontiac, MI

ACQUIRED
07/28/87

DEPOSITS
\$ 883,794

FIRST FEDERAL OF MICHIGAN
1001 Woodward Avenue
Detroit, MI 48226
PHONE: 313-965-1400

SUBSIDIARY NAME

CITY AND STATE

ACQUIRED

DEPOSITS

1001 HOLDING, INC.
Bay Savings Bank, FSB
Omni Savings Bank, FSB

Detroit, MI
Newport News, VA
Columbia, SC

03/04/83
10/14/83

\$ 182,286
\$ 58,766

\$ 241,052*

NORTHERN MICHIGAN CORPORATION
723 Ludington Street, P. O. Box 716
Escanaba, MI 49829
PHONE: 906-786-0220

SUBSIDIARY NAME
Northern Michigan Savings Bank, FSB

CITY AND STATE
Escanaba, MI

ACQUIRED
12/31/85

DEPOSITS
\$ 64,095

SELIGMAN & ASSOCIATES, INC.
24901 Northwestern Highway
Southfield, MI 48075
PHONE: 313-355-2400

SUBSIDIARY NAME
Sterling Savings and Loan Association

CITY AND STATE
Southfield, MI

ACQUIRED
06/25/84

DEPOSITS
\$ 56,000

*Parent deposits not included.

**MERGERS IN WHICH RESULTING INSTITUTION IS A
STATE SAVINGS INSTITUTION**

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Merger Applications.....	1	0	0	0	0
Mergers Approved.....	1	0	0	0	0
Mergers Denied.....	0	0	0	0	0
Mergers Completed.....	1	0	0	0	0

**MERGERS IN WHICH RESULTING INSTITUTION IS A
FEDERAL SAVINGS INSTITUTION**

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Merger Applications.....	1	0	2	0	0
Mergers Approved.....	1	0	2	2	0
Mergers Denied.....	0	0	0	0	0
Mergers Completed.....	1	0	2	2	0

CONVERSIONS

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
State Mutual to State Stock.....	0	1	0	0	0
State Stock to State Mutual.....	0	0	0	0	0
State Charter to Federal Charter.....	1	2	8	1	3
Federal Charter to State Charter.....	0	0	0	0	1
Federal Mutual to Federal Stock.....	2	2	2	0	3
Federal Stock to Federal Mutual.....	0	0	0	0	0
Federal Association to Federal Savings Bank (Stock).....	2	1	1	2	1
Federal Association to Federal Savings Bank (Mutual).....	2	2	3	3	1
State Association to Federal Savings Bank (Mutual).....	-	-	-	1	3
State Association to National Bank	-	-	-	-	1

CONVERSIONS FROM STATE TO FEDERAL

Date Effective	City	From	To
9-21-87	Three Rivers	Three Rivers Savings and Loan Association	First Savings Bank, A Federal Savings Bank
10-13-87	Marshall	Marshall Savings and Loan Association	Marshall Savings Bank, F.S.B.
11-30-87	Ypsilanti	First Savings Association of Ypsilanti	InterFirst Federal Savings Bank

CONVERSION FROM FEDERAL CHARTER TO STATE CHARTER

Date Effective	City	From	To
7-27-87	Grand Rapids	Metrobank Federal Savings Bank	MetroBank State Savings and Loan Association

CONVERSIONS FROM FEDERAL STOCK ASSOCIATION TO FEDERAL STOCK SAVINGS BANK

Date Effective	City	From	To
5-26-87	Ann Arbor	Great Lakes Federal Savings and Loan Association	Great Lakes Bancorp, A Federal Savings Bank

CONVERSIONS FROM FEDERAL MUTUAL SAVINGS BANK TO FEDERAL STOCK SAVINGS BANK

<u>Date</u> <u>Effective</u>	<u>City</u>	<u>Association</u>
1-28-87	Troy	Standard Federal Bank
9-17-87	Pontiac	First Federal Savings Bank & Trust

CONVERSIONS FROM FEDERAL MUTUAL S&LA TO FEDERAL MUTUAL SAVINGS BANK

<u>Date</u> <u>Effective</u>	<u>City</u>	<u>From</u>	<u>To</u>
11-09-87	Charlotte	Eaton Federal Savings and Loan Association	Eaton Federal Savings Bank

CONVERSIONS FROM FEDERAL MUTUAL S&LA TO FEDERAL STOCK SAVINGS BANK

<u>Date</u> <u>Effective</u>	<u>City</u>	<u>From</u>	<u>To</u>
5-21-87	Monroe	Peoples Federal Savings and Loan Association	Peoples Savings Bank, FSB

OTHER CONVERSIONS

<u>Date</u> <u>Effective</u>	<u>City</u>	<u>From</u>	<u>To</u>
7-27-87	Grand Rapids	Metro Banc State Savings and Loan Association	MetroBanc, National Association

BRANCH APPLICATIONS

	1983	1984	1985	1986	1987
Branch Applications - Mutual/Capital Stock					
State.....	11/12	1/2	0/5	0/0	0/3
Federal.....	1/0	0/1	3/4	3/10	2/7
Branches Approved - Mutual/Capital Stock					
State.....	11/12	0/2	0/5	0/0	0/3
Federal.....	0/0	3/12	3/4	3/10	2/7
Branches Denied - Mutual/Capital Stock					
State.....	0/0	0/0	0/0	0/0	0/0
Federal.....	0/0	0/0	0/0	0/0	0/0
Branches Opened - Mutual/Capital Stock					
State.....	11/12	0/2	0/2	0/1	0/3
Federal.....	0/0	1/15	5/1	0/10	3/6

BRANCH OFFICES ESTABLISHED

<u>Date</u> <u>Effective</u>	<u>Name of Association</u>	<u>City-Main Office</u>	<u>Location of Branch</u>
7-15-86	Great Lakes Bancorp, A Federal Savings Bank	Ann Arbor	5300 Northland Drive Grand Rapids
12-29-86	United Savings Bank, FSB	Farmington Hills	33505 Fourteen Mile Road Farmington Hills
2-04-87	Citizens Federal Savings and Loan Association	Port Huron	811 East Street Lapeer
3-06-87	Citizens Federal Savings and Loan Association	Port Huron	21390 Hall Road Mt. Clemens
5-29-87	Northwestern Savings and Loan Association	Traverse City	5300 U.S. 31, North (Acme), Grand Traverse County

BRANCH OFFICES ESTABLISHED - Continued

<u>Date Effective</u>	<u>Name of Association</u>	<u>City-Main Office</u>	<u>Location of Branch</u>
6-01-87	Mutual Savings and Loan Association, F.A.	Bay City	777 E. Eisenhower Ann Arbor
7-15-87	Great Lakes Bancorp, A Federal Savings Bank	Ann Arbor	5300 Northland Dr. Grand Rapids
9-01-87	Mutual Savings and Loan Association, F.A.	Bay City	8858 Gratiot Road Saginaw
8-17-87	United Savings Bank, FSB	Farmington Hills	31731 Northwestern Hwy. Farmington Hills
9-02-87	D&N Savings Bank, FSB	Hancock	G-1145 N. Belsay Road Burton
9-02-87	D&N Savings Bank, FSB	Hancock	G4100 W. Pierson Road Flint
9-21-87	Standard Federal Bank	Troy	39100 Dequindre Road Sterling Heights
10-21-87	Sterling Savings and Loan Association	Royal Oak	28400 Northwestern Hwy., Southfield, MI

BRANCH OFFICES CLOSED

<u>Date Effective</u>	<u>Name of Association</u>	<u>City-Main Office</u>	<u>Location of Branch</u>
1-02-87	Bloomfield Savings & Loan Association, F.A.	Birmingham	8500 Greenfield Detroit, MI
1-15-87	Sterling Savings and Loan Association	Southfield	31255 Southfield Beverly Hills, MI
5-01-87	First Federal of Michigan	Detroit	2438 E. M-21 Corunna, MI
9-18-87	Great Lakes Bancorp, A Federal Savings Bank	Ann Arbor	501 Whitehall Road North Muskegon, MI

RELOCATION OF MAIN OFFICE

<u>Date Effective</u>	<u>Name of Association</u>	<u>From</u>	<u>To:</u>
8-17-87	United Savings Bank, FSB	31731 Northwestern Highway Farmington Hills, MI	3255 Northwestern Highway
10-13-87	Hastings Savings and Loan Association	136 E. State Street Hastings, MI	201 East State Street Hastings, MI
10-21-87	Sterling Savings and Loan Association	225 South Troy Royal Oak, MI	28400 Northwestern Highway Southfield, MI

CREDIT UNION DIVISION

Authority

The Credit Union Division regulates and supervises state-chartered credit unions under the authority of Act 285 of the Public Acts of 1925, as amended (the Credit Union Act). Credit unions are cooperative societies incorporated for the purposes of promoting thrift and creating a source of credit for their members. All Michigan credit union member share and deposit accounts, with the exception of those of Central Credit Union of Michigan, are insured up to \$100,000 by the National Credit Union Share Insurance Fund, an agency of the United States Government.

Examination

Annual examinations are the primary means by which the division monitors the operations and financial condition of all Michigan state-chartered credit unions. Twice a year call reports are required from each credit union. The information derived from them plays an important role in identifying trends and in some cases, helping with the early detection of problem credit unions.

During 1987, the division examined 318, or 71%, of all Michigan state-chartered credit unions. This was a decrease from the 390, or 84%, examined in 1986. In addition to regular examinations, 148 on site follow-up contacts, compared to 113 in 1986, were conducted in credit unions where problems were detected during the regular examination.

Supervision

For the third consecutive year the number of state-chartered problem credit unions increased. There were 115 problem credit unions at the end

of 1987, representing 25.8% of total state credit unions and 17.6% of total state credit union assets. At year-end 1986, the 81 problem credit unions represented 17.4% of total state credit unions and 7.6% of total state credit union assets. Thirty-five state credit unions or 7.8% of the total state credit unions had operating losses during 1987, compared to 38 or 8.2% in 1986.

Sixty-nine problem credit unions were identified in 1987 while thirty-five credit unions were removed from the problem list leaving a total of 115 code 3, 4 and 5 credit unions. Weak management, lack of leadership by boards of directors and growth in deposits without comparable loan growth were the major reasons for the increase in the number of problem institutions.

Eleven memoranda of understanding were implemented in 1987 compared to six in 1986. Thirty memoranda were outstanding at year-end 1987. One cease and desist order was issued in 1987.

There was one involuntary dissolution during the year. AFD Credit Union located in Madison Heights was placed into conservatorship and then ultimately placed into liquidation on April 29, 1987.

On August 12, 1987 the Commissioner requested the National Credit Union Administration to place Saint Matthew's Credit Union, located in Grand Rapids, into conservatorship. This action was necessitated by the failure of the board of directors to exercise control over management and the making of very large loans with little, if any, collateral and inadequate documentation.

The table below presents information concerning problem credit unions over the last five years.

SUMMARY OF MICHIGAN STATE-CHARTERED PROBLEM CREDIT UNIONS

	<u>Total Credit Unions Supervised</u>	<u>Problem Credit Unions Removed</u>	<u>Problem Credit Unions Identified</u>	<u>Year-end Problem Credit Unions*</u>
1983	516	47	10	99
1984	500	66	53	86
1985	480	59	44	71
1986	465	52	62	81
1987	446	35	69	115

*Figures reflect implementation of CAMEL rating system; a problem credit union is rated code 3, 4 or 5.

Structural Activities

Twenty-five credit unions (including seven federally chartered) merged into other credit unions during 1987. This compares with 26 credit union mergers completed in 1986 and 35 in 1985. All of the credit unions that merged had National Credit Union Share Insurance Fund insurance of accounts.

A total of 59 credit unions amended their fields of membership during 1987.

Industry Trends

Assets of state-chartered credit unions continued to increase through 1987. Total assets (excluding Central Credit Union) increased \$500 million, or 9.2% during 1987 to a record high of \$5.92 billion. Total savings increased 9.1% over 1986 to a record high of \$5.42 billion. IRA and other retirement savings accounts grew 15.4% during 1987. This type of account now represents 12.6% of total state-chartered credit union savings accounts.

Member loans grew from \$2.95 billion in 1986 to \$3.35 billion in 1987, or 13.3%. The comparable rate of growth for 1986 was 11.3%.

Net income, after the cost of funds and statutory reserve transfers, increased from \$36.9 million in 1986

to \$38.6 million in 1987. Loan delinquency (defined as loans delinquent two or more months) decreased from 2.19% at year-end 1986 to 2.13% at year-end 1987.

These statistics indicate that Michigan's state-chartered credit unions, overall, had a good year in 1987. Membership confidence continues strong as evidenced by the increase in deposits and loans. Average credit union equity continues to increase and delinquency has decreased.

The number of credit unions decreased to 445 at year-end 1987 from 464 at year-end 1986. This decrease is the result of credit union mergers which, in most cases, were made to improve the services and benefits provided to the members.

The credit unions' overall growth is the result of further expansion of services and broader fields of membership.

Legislation and Regulation

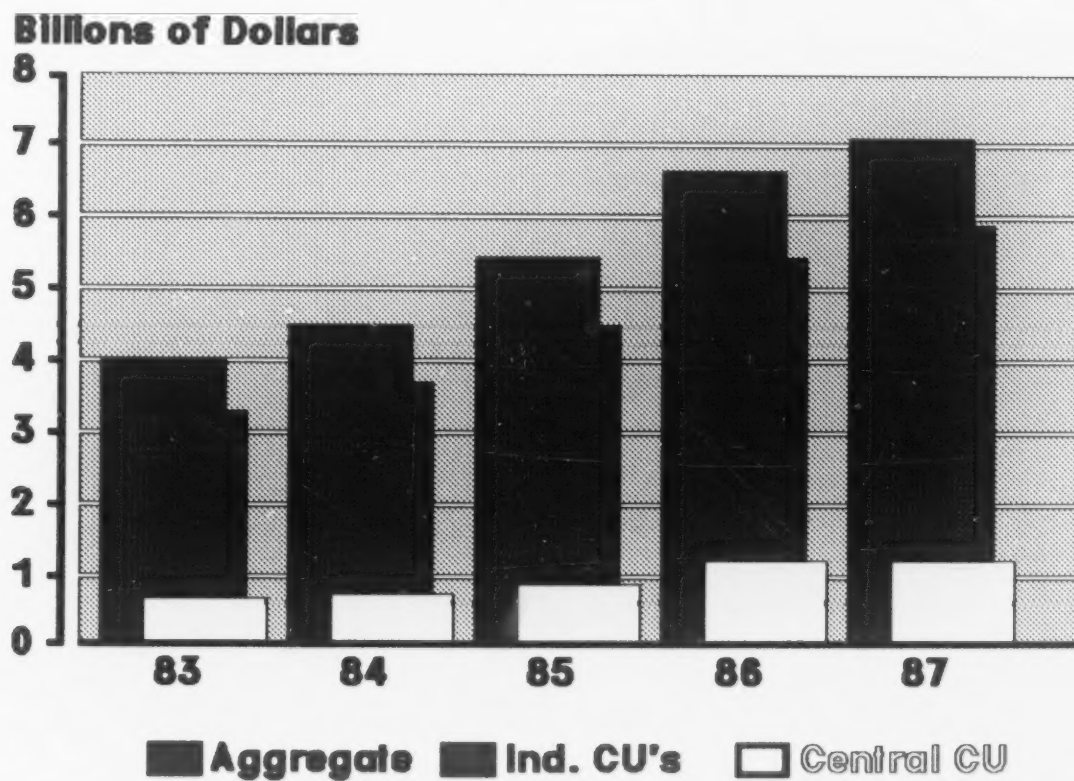
In 1987 the standard credit union bylaws were rewritten to better reflect the revised Michigan Credit Union Act. The new bylaws eliminate some of the restrictions previously placed on credit unions. The bylaws were sent to credit unions in late 1987 and the adoption of them should be completed during 1988.

Several bulletins were sent to all state-chartered credit unions in 1987. One discussed the disclosure of the credit unions' CAMEL ratings. A second letter further explained the requirements of Section 17 of the Michigan Credit Union Act. A letter sent to each credit union in June of 1987 explained the requirements for

the reporting of member business loans.

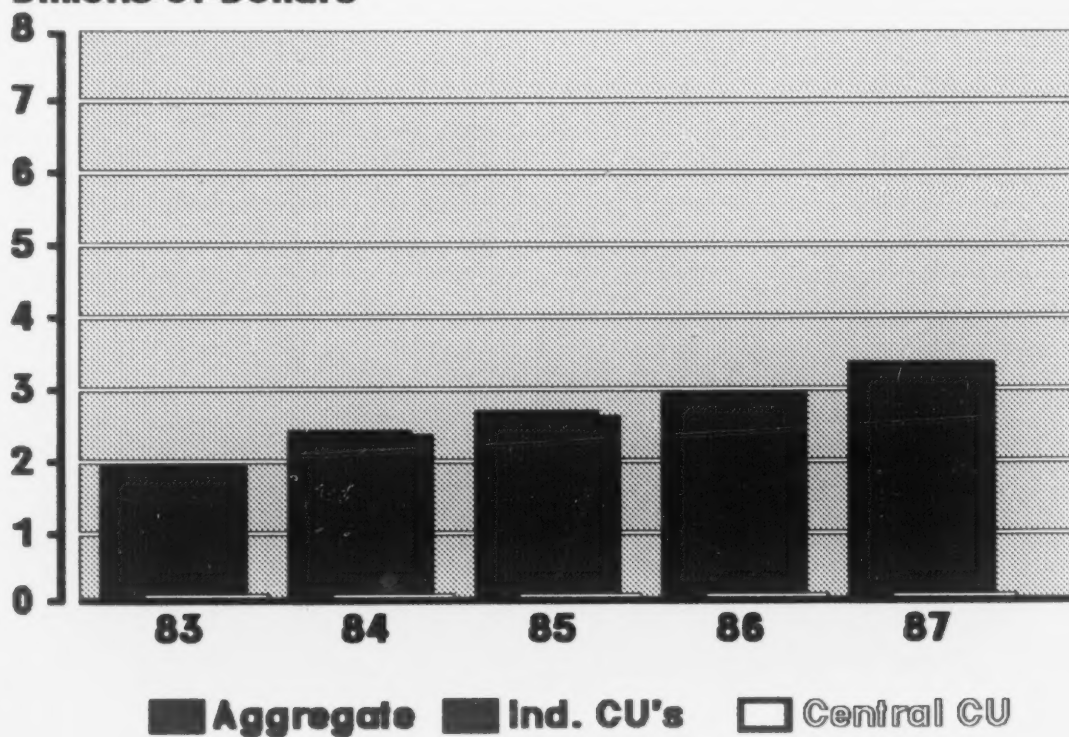
The Credit Union Rules were also revised and became effective July 25, 1987. Copies of the revised Act and Rules were mailed to each credit union in July 1987.

COMPARATIVE CHART OF ASSETS OF STATE CREDIT UNIONS IN MICHIGAN



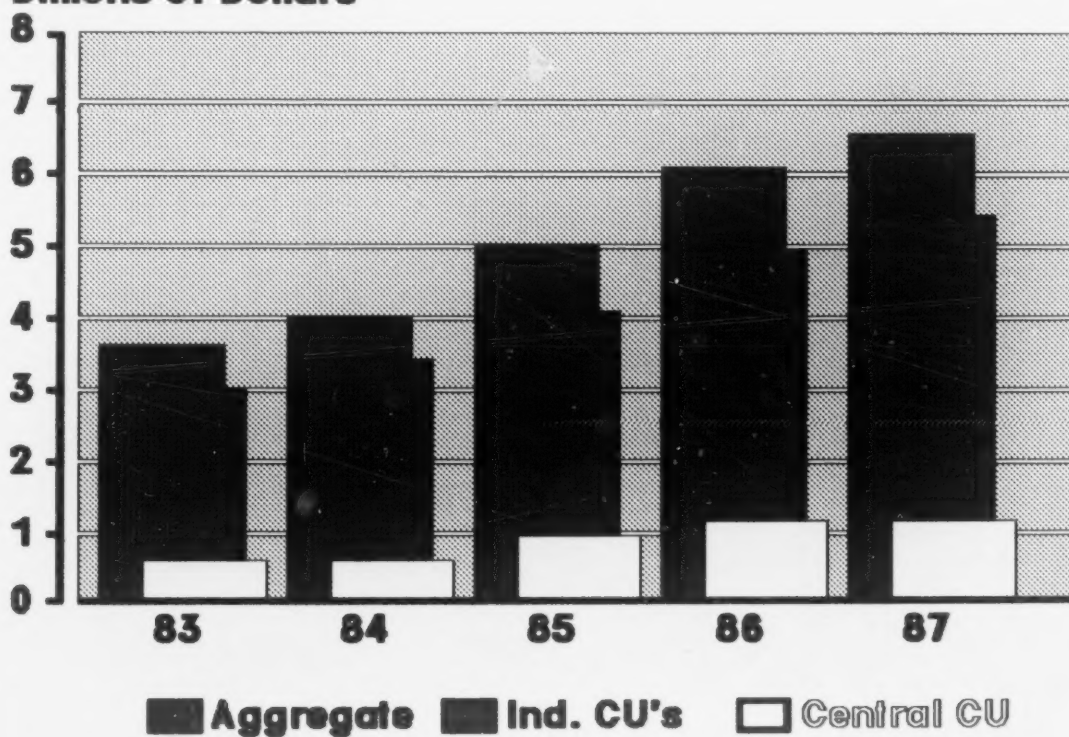
COMPARATIVE CHART OF LOANS OF STATE CREDIT UNIONS IN MICHIGAN

Billions of Dollars



COMPARATIVE CHART OF SHARES & DEPOSITS OF STATE CREDIT UNIONS IN MICHIGAN

Billions of Dollars



CONSOLIDATED BALANCE SHEET OF STATE CREDIT UNIONS

(Excludes Central Credit Union of Michigan)

(000's Omitted)

	464 Credit Unions December 31, 1986	445 Credit Unions December 31, 1987	Percent Increase (Decrease)
ASSETS			
Loans			
Personal loans	\$2,650,969	\$2,846,396	7.37%
Loans to officials	32,749	36,768	12.27
Real estate loans	268,890	462,199	71.89
Allowance for loan losses	(19,041)	(25,655)	34.74
Investments			
U.S. Government obligations and Federal agency securities	226,635	266,689	17.67
Corporate central credit unions	846,928	861,169	1.68
Other credit unions	3,505	17,794	407.67
Commercial banks	606,898	504,910	(16.80)
Savings and loan associations and savings banks	106,813	252,400	136.30
Other investments	353,497	363,950	2.96
Cash and funds due from banks	141,181	142,161	0.69
Net fixed assets	108,508	127,785	17.77
Other assets	91,421	62,409	(31.73)
Total Assets	<u>\$5,418,953</u>	<u>\$5,918,975</u>	9.23%
LIABILITIES AND EQUITY			
Liabilities			
Notes payable	\$ 9,005	\$ 11,071	22.94%
Other liabilities	89,699	91,268	1.75
Savings			
Share and deposit certificates	325,726	545,509	67.47
Share and deposit drafts	417,121	479,864	15.04
IRA/Keogh and retirement accounts	590,032	681,056	15.43
Regular shares, deposits, other	3,629,937	3,709,004	2.18
Equity			
Regular/statutory reserves	154,574	167,335	8.26
Investment valuation reserve	2,761	3,022	9.45
Other reserves	65,149	77,572	19.07
Undivided earnings	134,949	153,274	13.58
Total Liabilities and Equity	<u>\$5,418,953</u>	<u>\$5,918,975</u>	9.23%

CONSOLIDATED STATEMENT OF OPERATIONS OF STATE CREDIT UNIONS

(Excludes Central Credit Union of Michigan)

(000's Omitted)

	1986	1987	Percent Increase (Decrease)
Operating Income			
Interest on loans	\$373,855	\$391,407	4.69%
Less: Interest refund	(6,427)	(6,677)	3.89
Income from Investments	145,881	161,698	10.84
Other operating income	18,574	24,092	29.71
Gross Income	531,883	570,520	7.26
Cost of funds			
Dividends	174,287	181,035	3.87
Interest on deposits	118,496	117,812	(0.58)
Interest on borrowings	1,227	1,034	(15.48)
Total Interest/Dividend Expense	294,010	299,881	2.00
Gross Earnings	237,873	270,639	13.77
Operating expense			
Employee compensation and benefits	79,995	89,729	12.17
Cost of space	12,408	14,225	14.64
Office operations expense	38,245	44,388	16.06
Professional and outside services	13,733	17,576	27.98
Examination and supervision fees	2,001	2,105	5.20
Other operating expense	27,404	29,643	8.17
Total Operating Expense	173,786	197,666	13.74
Net Operating Income	64,087	72,973	13.87
Non-operating gains or losses (net)	1,969	69	(96.50)
Net Earnings	66,056	73,042	10.58
Required reserve allocation	29,163	34,188	17.23
Retained Earnings	<u>\$ 36,893</u>	<u>\$ 38,854</u>	5.32%

CENTRAL CREDIT UNION OF MICHIGAN
Southfield, Michigan

(000's Omitted)

BALANCE SHEET

December 31, 1986

December 31, 1987

ASSETS

Loans		
Corporate member loans	\$ 9,265	\$ 20,881
Other loans	4,884	5,841
Investments		
U.S. Government obligations and Federal agency securities	22,528	14,048
U.S. Central Credit Union	1,061,497	1,020,926
Other Investments	76,832	126,823
Cash and funds due from banks	24,846	11,982
Net fixed assets	123	131
Other assets	<u>3,696</u>	<u>11,248</u>
Total Assets	<u>\$1,203,671</u>	<u>\$1,211,880</u>

LIABILITIES AND EQUITY

Liabilities		
Notes payable	\$ 13,807	\$ 35,850
Other liabilities	6,067	7,550
Savings		
Certificates	400,001	569,203
Daily shares	679,265	500,446
Corporate shares	- 0 -	- 0 -
Capital shares	67,696	70,774
Special deposits	5	- 0 -
Undistributed	23,181	11,278
Equity		
Regular/statutory reserve	908	908
Special reserves	12,731	15,861
Other reserves	- 0 -	- 0 -
Undivided earnings	<u>10</u>	<u>10</u>
Total Liabilities and Equity	<u>\$1,203,671</u>	<u>\$1,211,880</u>

STATEMENT OF OPERATIONS

1986

1987

Operating Income		
Interest on corporate member loans	\$ 310	\$ 585
Interest on other loans	468	517
Income from Investments	80,938	88,035
Other operating income	<u>174</u>	<u>269</u>
Gross Income	\$ 81,890	\$ 89,406
Cost of funds		
Dividends-member accounts	74,349	82,342
Interest on borrowings	3,535	2,159
Other interest expense	<u>2</u>	<u>- 0 -</u>
Total Interest/Dividend Expense	\$ 77,886	\$ 84,501
Gross Earnings	4,004	4,905
Operating expense		
Employee compensation and benefits	644	750
Cost of space	39	41
Office operations expense	362	361
Professional and outside services	235	259
Examination and supervision fees	89	98
Other operating expense	<u>88</u>	<u>262</u>
Total Operating Expense	\$ 1,457	\$ 1,772
Net Operating Income	2,547	3,133
Non-operating gains or losses (net)	<u>(606)</u>	<u>(3)</u>
Net Earnings	<u>\$ 1,941</u>	<u>\$ 3,130</u>

SIGNIFICANT FINANCIAL RATIOS OF STATE CREDIT UNIONS

(Excludes Central Credit Union of Michigan)

KEY OPERATING RATIOS	1983	1984	1985	1986	1987
Loan reserves/total loans	5.98%	5.76%	5.93%	5.88%	5.77%
Delinquent loans/total loans	2.75	2.23	2.06	2.19	2.13
Delinquent loans/loan reserves	45.95	38.81	34.75	41.18	36.89
Salary and benefits/Income	16.02	14.63	14.76	14.98	15.73
Operating expense(-PLL)/Income	34.74	31.66	33.01	34.84	34.64
Operating expense(-PLL)/total assets	3.87	3.73	3.56	3.43	3.34
Equity/total assets	6.13	6.75	6.72	6.60	6.73
Total loans/total assets	59.03	63.88	58.97	54.49	56.52
Total investments/total assets	37.70	33.29	38.43	42.93	39.83
Fixed assets/total assets	2.46	2.28	2.05	2.00	2.16
Total loans/total savings	65.43	70.87	64.82	59.48	61.77
Total borrowings/total savings	0.99	0.90	0.40	0.18	0.20
Average return on Investments (Income on Investments/average Investments outstanding)	8.55	9.75	8.23	7.55	6.86
Average cost of savings (Interest & dividends/average total savings)	7.05	7.47	7.19	6.39	5.65
Average cost of borrowed money (Interest on borrowings/average borrowings outstanding)	10.63	11.08	6.72	10.49	9.78
Average gross return on loans (Gross Income on loans/average loans)	14.14	14.20	13.95	13.42	12.50
Average net return on loans (after Interest refund) (Net Income on loans/average loans)	13.84	13.90	13.67	13.19	12.28
DISTRIBUTION OF GROSS INCOME					
Interest refund to borrowers	1.50%	1.49%	1.45%	1.19%	1.15%
Operating expense(-PLL)	34.22	31.19	32.54	32.16	34.15
Interest on borrowings	0.75	0.74	0.32	0.23	0.18
Interest and dividend cost	54.01	54.06	55.12	54.19	51.77
Reserves	5.07	6.00	4.12	5.40	6.02
Retained earnings	<u>4.85</u>	<u>4.45</u>	<u>6.52</u>	<u>6.83</u>	<u>6.73</u>
Total	100.00%	100.00%	100.00%	100.00%	100.00%
EARNINGS ANALYSIS					
Gross return on assets (Gross Income after Interest refund/average assets)	11.60%	12.30%	11.67%	10.64%	9.89%
Less: Cost of funds	6.45	6.84	6.57	5.86	5.19
Equals: Gross spread	5.15	5.46	5.10	4.78	4.70
Less: Operating expenses(-PLL)	4.03	3.89	3.69	3.46	3.43
Required reserve transfers	.60	.75	.65	.58	.59
Equals: Net return on assets (Margin) (Net Income/average assets)	.52	.82	.76	.74	.68

CLASSIFICATION OF STATE CREDIT UNIONS BY ASSET SIZE

(Excludes Central Credit Union of Michigan)

December 31, 1987

	Number of Credit Unions	Percentage In Group	Total Assets (000's Omitted)	Percentage In Group
\$250,000 or less	21	4.72%	\$ 2,832	.04%
\$250,000 to \$500,000	32	7.19	12,267	.21
\$500,000 to \$1,000,000	38	8.54	27,026	.46
\$1,000,000 to \$2,000,000	59	13.26	87,889	1.48
\$2,000,000 to \$5,000,000	91	20.45	297,559	5.03
\$5,000,000 to \$10,000,000	59	13.26	433,824	7.33
\$10,000,000 to \$20,000,000	63	14.16	952,183	16.09
\$20,000,000 to \$50,000,000	60	13.48	1,768,644	29.88
Over \$50,000,000	22	4.94	2,336,751	39.48
Total	445	100.00%	\$5,918,975	100.00%

STATISTICAL DATA OF STATE CREDIT UNIONS

(Excludes Central Credit Union of Michigan)

	1983	1984	1985	1986	1987
Number of credit unions	515	499	479	464	445
Number of credit union members	1,714,766	1,770,913	1,863,989	1,970,661	2,067,670
*Total assets	\$3,309,223	\$3,728,996	\$4,496,006	\$5,418,953	\$5,918,975
*Total loans outstanding	\$1,951,603	\$2,365,152	\$2,631,759	\$2,952,608	\$3,345,363
*Total savings (shares and deposits)	\$2,985,502	\$3,361,142	\$4,090,319	\$4,962,816	\$5,415,433
Number of loans made during year	942,597	1,217,910	1,306,451	1,535,664	1,508,365
*Amount of loans made during year	\$1,444,954	\$1,827,471	\$1,794,199	\$1,984,217	\$2,128,429
*Amount of loans over two months past due at year end	\$ 53,690	\$ 53,222	\$ 54,679	\$ 64,783	\$ 71,186
*Net charges to loan reserves	\$ 11,551	\$ 9,659	\$ 9,168	\$ 12,914	\$ 21,697

*(000's omitted in dollar amounts)

CORPORATE CHANGES AND RELATED INFORMATION

	1983	1984	1985	1986	1987
Number of state credit unions	516	500	480	465	446
Number of federal credit unions	275	264	250	243	236
Number of state credit unions chartered	0	0	0	1	0
Number of federal credit unions chartered	3	0	1	0	0
Number of state credit unions closed - voluntary dissolution	0	0	0	0	0
Number of federal credit unions closed - voluntary dissolution	0	0	0	0	0
Number of state credit unions closed - involuntary dissolution	0	1	0	0	1
Number of federal credit unions closed - involuntary dissolution	0	0	0	0	0
Number of state credit unions merged into state credit unions	7	12	16	13	15
Number of federal credit unions merged into federal credit unions	11	8	9	6	3
Number of state credit unions merged into federal credit unions	8	3	4	3	3
Number of federal credit unions merged into state credit unions	6	3	6	4	4
Number of state credit unions converted to federal charter	0	0	0	0	0
Number of federal credit unions converted to state charter	0	0	0	0	0

CHANGES IN CORPORATE TITLE

Date of Change	From	To	City
Feb. 18, 87	Wayne County Credit Union	Public Service Credit Union	Detroit
March 31, 87	Donnelly Mirrors Employees Credit Union	Donnelly Credit Union	Holland
March 23, 87	Southwestern Michigan Utilities Employees Credit Union	Consumers Credit Union	Kalamazoo
March 4, 87	Saints Tri-Parish Credit Union	SAINTS Credit Union	Livonia
March 4, 87	Sheetmetal Credit Union	Sheetmetal-Oak Park Municipal Credit Union	Oak Park
April 2, 87	Redford Township Employees Credit Union	Redford Municipal Employees Credit Union	Redford
March 31, 87	Trenton Governmental Employees Credit Union	Trenton Governmental Credit Union	Trenton
March 17, 87	T & I Division Credit Union	T & I Credit Union	Troy

CREDIT UNION PLACED IN STATE CONSERVATORSHIP UNDER THE AUTHORITY CONTAINED IN SECTION 6C OF ACT 285, P.A. 1925, AS AMENDED

Date of Conservatorship	Name of Credit Union	Location
March 2, 87	A F D Credit Union	28727 Dequindre Madison Heights, MI

CREDIT UNION PLACED IN INVOLUNTARY DISSOLUTION UNDER THE AUTHORITY CONTAINED IN SECTION 20(2) OF ACT 285, P.A. 1925, AS AMENDED

Date of Involuntary Dissolution	Name of Credit Union	Location
April 29, 87	A F D Credit Union	28727 Dequindre Madison Heights, MI

CREDIT UNION PLACED IN FEDERAL CONSERVATORSHIP
UNDER THE AUTHORITY CONTAINED IN SECTION 206 OF THE FEDERAL CREDIT UNION ACT OF 1934, AS AMENDED

Date of Conservatorship	Name of Credit Union	Location
Aug. 12, 87	Saint Matthew's Credit Union	1609 Walker, N.W. Grand Rapids, MI

CREDIT UNIONS MERGED
UNDER THE AUTHORITY CONTAINED IN SECTION 4(s) AND 20a OF ACT 285, P.A. 1925, AS AMENDED

Date of Merger	Name of Credit Union	City
Aug. 17, 87	Du-Wel Employees Credit Union Merged Into Berrien Teachers Credit Union, St. Joseph	Bangor
Sept. 2, 87	American Credit Union Merged Into Credit Union One, Ferndale	Detroit
July 30, 87	F.R.B. Employees Credit Union Merged Into Credit Union One, Ferndale	Detroit
June 8, 87	Precision Spring Credit Union Merged Into Co-op Services Credit Union, Dearborn	Detroit
June 25, 87	St. Hilary Credit Union Merged Into Crestwood Community Federal Credit Union, Redford	Detroit
Nov. 12, 87	East Detroit Civic Credit Union Merged Into Parda Federal Credit Union, East Detroit	East Detroit
April 13, 87	P-Ring Credit Union Merged Into Grand Valley Co-op Credit Union, Grand Rapids	Hastings
May 11, 87	C.H.C. Employees Credit Union Merged Into Huron River Area Credit Union, Ann Arbor	Howell
Oct. 22, 87	Barbers Credit Union Merged Into Metro Plus Credit Union, Lansing	Lansing
Oct. 22, 87	Greater Lansing Labor Council Credit Union Merged Into Metro Plus Credit Union, Lansing	Lansing
May 22, 87	Manistee County Teachers Credit Union Merged Into Filer City Mill Employees Credit Union, Filer City	Manistee
May 4, 87	Mid Valley Credit Union Merged Into Michigan Federal Credit Union, Flint	Mt. Morris
March 4, 87	Oak Park Municipal Employees Credit Union Merged Into Sheetmetal Credit Union, Oak Park	Oak Park
Dec. 18, 87	Bayanhan Credit Union Merged Into Credit Union One, Ferndale	Southfield
Jan. 27, 87	Heath Employees Credit Union Merged Into Lakeland Credit Union, St. Joseph	St. Joseph
Dec. 18, 87	E & L Transport Employees Credit Union Merged Into Pere Marquette Employees' Credit Union, Dearborn	Woodhaven
Sept. 18, 87	Metropolitan Hospital Credit Union Merged Into Allied Employers Credit Union, Wyoming	Wyoming
May 22, 87	Transport Affiliated Companies Credit Union Merged Into Bell Com Credit Union, Grand Rapids	Wyoming

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1987

(000's Omitted)

<u>City</u>	<u>Name of Credit Union</u>	<u>Total Assets</u>	<u>Total Loans</u>	<u>Total Shares and Deposits</u>
Ada	AMWAY Employees Credit Union	9,875	9,676	8,535
Adrian	Lenco Ed Credit Union	8,870	4,445	8,322
Albion	AMICO Credit Union	648	485	503
Allegan	Allegan County Catholic Credit Union	1,078	903	982
Allegan	Allegan Teachers Credit Union	677	468	607
Allen Park	Allen Park Presbyterian Credit Union	129	58	114
Allen Park	Allen Park VA Credit Union	2,500	1,799	2,241
Allen Park	Cabrini Credit Union	28,357	10,578	25,920
Alma	Gratiot Community Credit Union	5,307	4,776	4,952
Alpena	AbtIbI Employees Credit Union	5,085	3,210	4,664
Alpena	Alpena Catholic Credit Union	907	631	840
Alpena	Alpena County Medical Credit Union	4,464	2,473	4,181
Alpena	Alpena-Alcona Area Credit Union	23,574	14,858	22,244
Alpena	Besser Credit Union	18,472	11,517	17,131
Alpena	H.P.C. Credit Union	24,111	9,671	22,328
Alpena	Stoneport Employees Credit Union	1,686	1,228	1,525
Alpena	Tri-Co Credit Union	741	479	675
Ann Arbor	Hospital and Health Services Credit Union	50,892	30,143	46,464
Ann Arbor	Huron River Area Credit Union	33,038	24,805	29,526
Ann Arbor	I.D.C. Credit Union	4,444	2,648	4,031
Ann Arbor	University of Michigan Credit Union	63,232	31,415	60,213
Battle Creek	Battle Creek Building Trades Credit Union	2,976	1,814	2,771
Battle Creek	Battle Creek Enquirer Credit Union	1,689	979	1,544
Battle Creek	Battle Creek Postal Credit Union	2,031	1,489	1,771
Battle Creek	Gasco Credit Union	623	305	566
Battle Creek	METROCOM Area Credit Union	4,211	2,900	3,975
Battle Creek	OmnI Family Credit Union	41,183	17,058	36,767
Battle Creek	Post Employees Credit Union	30,241	14,571	27,036
Battle Creek	School Employees Credit Union	23,439	14,971	21,986
Battle Creek	Weston Biscuit Employees Credit Union	263	209	199
Bay City	Bay Governmental Credit Union	11,663	6,099	10,102
Bay City	COPOCO Credit Union	18,899	10,500	17,081
Bay City	Healthcare Family Credit Union	10,117	7,645	9,514
Bay City	Industrial Business Credit Union	4,133	2,950	3,836
Bay City	RMC Employees Credit Union	2,748	1,780	2,394
Bay City	School Employees Credit Union	34,610	12,901	31,811
Bay City	United Bay City Credit Union	41,428	18,700	38,774
Belding	Extruded Metals Employees Credit Union	640	451	457
Benton Harbor	Gast Employees Credit Union	2,547	1,847	2,400
Berkley	Knights of Pythias-Detroit Lodge 55 Credit Union	47	8	40
Berkley	Berkley LaSalette Community Credit Union	13,172	7,123	12,831

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1987

(000's Omitted)

<u>City</u>	<u>Name of Credit Union</u>	<u>Total Assets</u>	<u>Total Loans</u>	<u>Total Shares and Deposits</u>
Big Rapids	Hanchett Employees Credit Union	380	267	319
Birch Run	Birch Run Area Credit Union	587	534	569
Birmingham	Birmingham Teachers Credit Union	14,490	6,710	13,869
Blissfield	St. Peters Parish Credit Union	276	200	248
Bloomfield Hills	Bloomfield Hills School Employees Credit Union	5,040	1,944	4,348
Bridgeport	United Saginaw Credit Union	11,662	8,545	10,985
Bruce Crossing	Settler's Co-operative Credit Union	1,998	1,014	1,900
Buchanan	Buchanan Farmers Credit Union	8,757	3,581	6,979
Burton	Family Community Credit Union	15,974	7,748	15,405
Cadillac	Northwestern Public Employees Credit Union	8,973	4,911	8,244
Cadillac	Wexford Community Credit Union	12,434	9,570	11,893
Canton	KEMBA Credit Union	10,278	4,617	8,559
Cass City	Walbro Employees Credit Union	308	282	264
Cedarville	Port Dolomite Credit Union	1,073	445	1,008
Center Line	Father Kramer Credit Union	9,671	7,189	8,953
Center Line	Tri-County Veterans Credit Union	839	451	655
Center Line	Warren Schools Credit Union	61,957	29,465	53,245
Charlotte	Aluminum Credit Union	1,091	853	996
Charlotte	Eaton County Educational Employees Credit Union	12,831	7,457	11,034
Chesaning	Christopher Credit Union	2,125	697	1,896
Clarkston	Clarkston Brandon Schools Credit Union	8,915	6,251	8,053
Clawson	C S E Credit Union	18,642	8,524	16,512
Clawson	Royal Oak Postal Employees Credit Union	877	750	676
Clawson	T & I Credit Union	28,340	13,088	25,766
Coldwater	Coldwater Area Credit Union	3,348	1,792	3,087
Comstock Park	G R Building Trades Credit Union	9,044	5,898	8,548
Croswell	Croswell Pickle Co. Employees Credit Union	367	207	308
Croswell	Sanilac County Teachers Credit Union	1,950	1,485	1,834
Croswell	St. Patrick (Croswell) Credit Union	468	391	315
Dearborn	ACM Employees Credit Union	37,551	10,206	34,839
Dearborn	Co-op Services Credit Union	78,406	50,579	73,442
Dearborn	Dairyman's Credit Union	13,471	4,912	9,643
Dearborn	Dearborn Churches Credit Union	4,126	1,433	3,907
Dearborn	Dearborn Municipal Employees Credit Union, The	3,147	2,101	2,896
Dearborn	Dearborn Postal Employees Credit Union	1,603	1,294	1,490
Dearborn	Dearborn Schools Credit Union	33,456	11,408	30,563
Dearborn	Lathers Credit Union	439	172	389
Dearborn	Pere Marquette Employees' Credit Union	21,740	9,011	19,409
Dearborn	Rouge Employees Credit Union	18,651	17,058	14,083
Dearborn Heights	Dearborn Heights Employees Credit Union	453	325	416
Dearborn Heights	St. Linus Credit Union	2,763	1,283	2,480

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1967

(000's Omitted)

<u>City</u>	<u>Name of Credit Union</u>	<u>Total Assets</u>	<u>Total Loans</u>	<u>Total Shares and Deposits</u>
Detroit	AMEZ United Credit Union	191	50	161
Detroit	Bakery Drivers, Salesmen, Local No. 51 Credit Union	1,278	1,013	1,047
Detroit	Bethel Baptist Church East Credit Union	272	97	243
Detroit	Blue Cross-Blue Shield Employees Credit Union	7,967	5,888	6,446
Detroit	Borman Credit Union	18,546	8,835	17,033
Detroit	Central Credit Union of Michigan	1,211,880	5,841	1,140,423
Detroit	Champion Employees Credit Union	3,074	2,116	2,726
Detroit	Communicating Arts Credit Union	15,507	9,911	14,576
Detroit	Contrak Credit Union	3,208	1,410	2,892
Detroit	Craftsman Credit Union	31,069	7,400	26,042
Detroit	Designing Engineers Credit Union	13,951	6,743	12,559
Detroit	Detroit Edison Employees Credit Union, The	160,231	106,039	146,937
Detroit	Detroit Methodist Conference Credit Union	3,857	1,823	3,598
Detroit	Detroit Municipal Credit Union	218,030	56,364	207,149
Detroit	Detroit New Calvary Baptist Church Credit Union	1,041	394	867
Detroit	Detroit Peerless Employees Credit Union	466	218	444
Detroit	Detroit Postal Employees Credit Union, The	53,641	18,513	46,169
Detroit	Detroit Teachers Credit Union	160,586	101,182	147,510
Detroit	E. W. Daniel Episcopal Credit Union	80	9	62
Detroit	Ebenezer A.M.E. Church Credit Union	343	223	304
Detroit	Electrical Workers Local 58 Credit Union	1,906	1,323	1,790
Detroit	Fannie B. Peck Credit Union of Bethel A.M.E. Church	342	22	262
Detroit	First Financial Credit Union	21,140	12,445	18,798
Detroit	Gasco Employees Credit Union	38,874	16,865	36,060
Detroit	Grace Church Credit Union	26	11	21
Detroit	Grand Trunk Railroad Employees' Credit Union	2,897	1,738	2,711
Detroit	Greater Christ Baptist Church Credit Union	597	268	566
Detroit	Greater New Mt. Moriah Baptist Church Credit Union	137	109	124
Detroit	Holy Cross Council Credit Union	687	391	591
Detroit	I. M. Detroit District Credit Union	457	25	292
Detroit	Jos. Campau Avenue Church of God Credit Union	31	29	29
Detroit	Lutheran Credit Union of Greater Detroit	653	481	604
Detroit	M. E. S. Credit Union	6,934	5,599	5,917
Detroit	Metropolitan Church of God Credit Union	30	17	25
Detroit	Motor City Co-Op Credit Union	40,507	26,732	35,982
Detroit	Mount Carmel Mercy Credit Union	2,454	1,507	2,240
Detroit	Northeast Catholic Credit Union	26,353	20,200	24,139
Detroit	Northwest Parish Credit Union	1,069	831	954
Detroit	Peoples Community Church Credit Union	658	236	593
Detroit	Prince Hall Credit Union	165	53	117
Detroit	Public Service Credit Union	52,821	31,189	49,778

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1987

(000's Omitted)

<u>City</u>	<u>Name of Credit Union</u>	<u>Total Assets</u>	<u>Total Loans</u>	<u>Total Shares and Deposits</u>
Detroit	Saint Peter and Paul Orthodox Credit Union, The	422	320	391
Detroit	Scott Methodist Credit Union	149	10	129
Detroit	Sinal Health Services Credit Union	3,748	1,927	3,603
Detroit	St. Bartholomew Parish Credit Union	1,051	510	990
Detroit	St. Gabriel Parish Credit Union	2,146	985	1,875
Detroit	St. Gemma Parish Credit Union	355	154	314
Detroit	St. John Presbyterian Church Credit Union	280	201	241
Detroit	Teamsters Credit Union	10,683	6,107	10,133
Detroit	Traller Credit Union	4,990	2,194	4,592
Detroit	UNITY Credit Union	21,237	10,745	19,674
Detroit	Vernon Chapel Credit Union	69	58	37
Detroit	Warrendale Community Credit Union	9,285	4,561	8,761
Drayton Plains	Lakeland Catholic Credit Union	2,837	1,233	2,594
Drummond Island	De Tour Drummond Community Credit Union	2,386	1,472	2,231
East Detroit	East Detroit Schools Credit Union	4,344	1,793	3,941
Eaton Rapids	Wesley Credit Union	3,525	1,827	3,035
Ecorse	Ecorse Municipal Employees Credit Union	627	373	524
Edmore	Hitachi Employees Credit Union	2,083	1,637	1,738
Edmore	Montcalm Public Employees Credit Union	2,464	2,236	2,178
Escanaba	Bay de Noc State Employees Credit Union	8,892	4,841	8,108
Escanaba	Delta County Credit Union	21,921	9,158	20,869
Escanaba	Delta County Printing Trades Credit Union	138	82	126
Escanaba	Delta County Teachers Credit Union	2,109	1,704	1,990
Essexville	Essexville Columbus Credit Union	233	158	199
Farmington	Suburban Catholic Credit Union	16,668	7,839	15,107
Ferndale	Credit Union One	152,040	88,993	143,071
Ferndale	Pattern Makers Credit Union	3,528	1,659	3,353
Filer City	Filer City Mill Employees Credit Union	12,756	4,600	11,921
Flint	Building Trades - AFL-CIO Credit Union	1,525	720	1,407
Flint	El-Ga Credit Union	15,927	7,769	14,675
Flint	Flint Area School Employees Credit Union	73,640	29,510	65,098
Flint	Flint Federal Employees Credit Union	6,725	4,407	6,386
Flint	Flint Municipal Credit Union	23,371	12,591	21,846
Flint	Genesee County Employees Credit Union	2,941	1,810	2,595
Flint	Grand Blanc Auto Workers Credit Union	18,281	9,608	15,290
Flint	McDonald Dairy Employees Credit Union	1,018	717	939
Flint	North Flint Catholic Credit Union	5,488	4,693	5,414
Frankenmuth	Frankenmuth Credit Union	16,864	8,448	15,480
Frankenmuth	Universal Employees' Credit Union	2,079	268	1,783
Fraser	Cross Company Employees' Credit Union, The	578	493	482
Fremont	Newaygo County School Employees Credit Union	3,774	2,165	3,521

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1987

(000's Omitted)

<u>City</u>	<u>Name of Credit Union</u>	<u>Total Assets</u>	<u>Total Loans</u>	<u>Total Shares and Deposits</u>
Garden City	Garden City Community Credit Union	1,656	580	1,593
Grand Haven	Bastian-Blessing Employees Credit Union	2,684	1,608	2,501
Grand Haven	North Ottawa Credit Union	671	559	594
Grand Haven	Ottawa County School Employees Credit Union	18,735	11,533	17,632
Grand Haven	Tri-Cities Credit Union	5,239	3,605	4,949
Grand Rapids	A A C Credit Union	10,859	3,860	10,085
Grand Rapids	A. T. L. Employees Credit Union	9,777	3,826	8,798
Grand Rapids	AMI Employees' Credit Union	1,492	1,228	1,308
Grand Rapids	Aquinas College Credit Union	3,604	1,862	3,231
Grand Rapids	Bell Com Credit Union	46,607	34,463	42,809
Grand Rapids	Bissell Employees Credit Union	3,911	2,913	3,503
Grand Rapids	Blackmer Pump Credit Union	716	582	646
Grand Rapids	Blessed Sacrament Parish Credit Union	664	532	576
Grand Rapids	Food Marketers Credit Union	8,901	8,087	8,124
Grand Rapids	Grand Rapids Federal Employees Credit Union	20,476	16,601	19,017
Grand Rapids	Grand Rapids Municipal Employees' Credit Union	12,769	6,772	11,882
Grand Rapids	Grand Rapids Teachers Credit Union	78,608	43,016	73,981
Grand Rapids	GRDT Employees Credit Union	3,231	2,238	3,011
Grand Rapids	Guardsman Employees Credit Union	1,289	838	1,198
Grand Rapids	Health Care Credit Union	9,714	8,598	9,140
Grand Rapids	John Widdicombe Co. Employees Credit Union, The	330	248	292
Grand Rapids	K-V Employees Credit Union	2,009	1,436	1,791
Grand Rapids	Keeler Brass Employees Credit Union	2,792	1,606	2,513
Grand Rapids	Kent County Employees Credit Union	7,337	4,701	6,680
Grand Rapids	L S I Credit Union	33,528	20,437	30,290
Grand Rapids	Latvian Credit Union	2,927	1,195	2,635
Grand Rapids	M P S Employees Credit Union	874	415	702
Grand Rapids	Meljer Employees Credit Union	22,956	16,341	21,813
Grand Rapids	North Kent Catholic Credit Union	1,619	1,305	1,471
Grand Rapids	Oak Industrial Park Credit Union	6,779	3,879	6,496
Grand Rapids	Saint Mary's Hospital Credit Union	5,690	4,354	5,353
Grand Rapids	Saint Matthew's Credit Union	42,072	36,975	39,964
Grand Rapids	Steelcase Employees Credit Union	38,206	19,886	34,329
Grand Rapids	West Michigan State Employees Credit Union	20,598	13,348	18,688
Grand Rapids	Western Districts Employees Credit Union	8,825	4,721	7,885
Grandville	AlloyTek Employees Credit Union	1,648	763	1,170
Grandville	Southwest Catholic Credit Union	1,819	707	1,584
Greenville	Ranney Refrigerator Employees Credit Union	363	197	312
Hamtramck	St. Ladislaus Credit Union	856	422	808
Harper Woods	Bon Secours-Cottage and Affiliates Credit Union	6,366	3,790	5,712
Hart	Oceana School Employees Credit Union	476	373	432

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1967

(000's Omitted)

City	Name of Credit Union	Total Assets	Total Loans	Total Shares and Deposits
	Thornapple Valley Community Credit Union	6,081	4,482	5,830
Hastings	Highland Park School Employees Credit Union	1,991	1,470	1,873
Highland Park	Big Dutch Fleet Credit Union, The	4,977	2,995	4,326
Holland	Donnelly Credit Union	2,711	1,529	2,580
Holland	Holland Central Trades Credit Union	17,815	13,273	16,381
Holland	Holland General Electric Employees Credit Union	3,965	1,553	3,616
Holland	Holland Machine Employees Credit Union	659	572	533
Holland	Holland Municipal Employees Credit Union	4,770	2,734	4,468
Holland	Citizens' Credit Union	2,589	1,878	2,376
Howell	Auto Body Workers Credit Union of Ionia	1,446	908	1,269
Ionia	Governmental Employees Credit Union of Ionia	8,108	3,300	6,895
Ionia	Southwest Iron County Community Credit Union	3,161	1,954	2,966
Iron River	Aeroquip Employees Credit Union	11,611	8,836	10,854
Jackson	Catholic Community Credit Union	1,225	803	1,076
Jackson	Educators and Employees Credit Union	19,078	13,089	17,290
Jackson	Jackson City County Credit Union	5,464	2,953	4,864
Jackson	Jackson County Printing and Publishing Employees Credit Union	2,340	1,377	2,132
Jackson	Michigan Railroaders Credit Union	1,594	692	1,438
Jackson	South Central State Employees Credit Union	13,750	12,525	12,460
Jackson	Teer-Wickwire Employees Credit Union	205	155	189
Jackson	Auto Workers Credit Union	26,809	16,761	24,403
Kalamazoo	Consumers Credit Union	6,968	5,562	6,158
Kalamazoo	Kalamazoo Building Trades Credit Union	3,102	1,643	2,886
Kalamazoo	Kalamazoo Gazette Employees Credit Union	1,781	1,284	1,555
Kalamazoo	Kalamazoo State Hospital Employees' Credit Union	5,946	3,867	5,654
Kalamazoo	KALSEE Credit Union	20,146	11,492	18,457
Kalamazoo	Northwest Industrial Credit Union	12,400	5,788	11,783
Kalamazoo	Papermakers Credit Union	3,573	1,934	3,327
Kalamazoo	School Employees Credit Union	52,584	33,736	48,795
Kalamazoo	Southwestern State Employees Credit Union	18,193	9,245	17,030
Kalamazoo	Grand Valley Co-op Credit Union	29,189	17,289	27,485
Kentwood	Leelanau Catholic Credit Union	921	530	780
Lake Leelanau	Orion-Oxford Community Credit Union	3,117	2,014	2,894
Lake Orion	Auto Body Credit Union	64,578	39,007	59,482
Lansing	Auto-Owners Employees Credit Union, The	6,845	3,730	6,264
Lansing	Capital Area School Employees Credit Union	45,195	37,428	39,897
Lansing	Communication Services Credit Union	7,634	4,355	6,897
Lansing	Consumers Power Credit Union	18,676	12,160	16,356
Lansing	Cooley Lawyers Credit Union	2,370	2,265	2,098
Lansing	Farm Bureau Employees Credit Union	3,615	1,995	3,438
Lansing	Federal Employees Credit Union	5,444	3,220	5,094

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1967

(000's Omitted)

<u>City</u>	<u>Name of Credit Union</u>	<u>Total Assets</u>	<u>Total Loans</u>	<u>Total Shares and Deposits</u>
Lansing	Gabriels Catholic Credit Union	2,589	1,970	2,321
Lansing	Lansing Building Trades Credit Union	1,917	1,357	1,786
Lansing	Lansing Community Credit Union	24,266	17,288	21,001
Lansing	Lansing Postal Credit Union	11,642	7,023	10,549
Lansing	Medical Credit Union	8,020	4,563	7,417
Lansing	Metro Plus Credit Union	22,908	11,221	21,014
Lansing	Poverello Credit Union	2,930	1,396	2,398
Lansing	Schmidt's Employees Credit Union	1,136	973	1,024
Lansing	State Employees Credit Union	177,247	99,691	167,426
Lapeer	Lapeer County Community Credit Union	22,903	16,256	22,051
Lapeer	Lapeer County School Employees Credit Union	4,086	2,304	3,448
Lathrup Village	Southfield Tri-Parish Credit Union	1,841	1,263	1,724
Lawton	Welch Foods Inc. Credit Union	535	399	446
Leonidas	Plastic Workers Credit Union	810	484	704
Lincoln Park	Good Shepherd Credit Union	25,624	10,854	24,267
Lincoln Park	Lincoln-Allen Credit Union	14,268	6,147	13,074
Livonia	Livonia Community Credit Union	17,122	12,450	15,916
Livonia	Parkside Credit Union	24,538	12,549	21,611
Livonia	SAINTS Credit Union	2,712	1,972	2,576
Livonia	Wayne Out County Teachers' Credit Union	114,674	44,556	98,024
Ludington	Dow Ludington Employees' Credit Union	9,407	4,701	8,508
Ludington	Jackson Vibrators Employees Credit Union	1,265	677	999
Ludington	Mason County School Employees Credit Union	2,395	1,458	2,160
Madison Heights	SOC Credit Union	62,562	52,107	55,584
Manistee	Manistee Catholic Central Credit Union	187	73	161
Manistee	Manistee Public Employees Credit Union	877	491	738
Manistee	Manistee Salt Employees Credit Union	1,892	795	1,664
Marquette	Marquette Catholic Credit Union	22,528	7,287	18,634
Marquette	Steelworkers-Local 3111 Credit Union	159	96	136
Marshall	Marshall Community Credit Union	20,505	8,360	18,597
Marysville	Educational and Associates Credit Union	25,854	18,419	24,399
Mason	Wyeth-Mason Credit Union	1,108	789	964
Melvindale	Downriver Catholic Credit Union	15,966	7,913	14,821
Melvindale	Melvindale Community Credit Union	2,883	1,416	2,605
Menominee	MECU Credit Union	1,299	322	1,205
Menominee	Menominee Area Credit Union	2,903	2,216	2,745
Menominee	Menominee Catholic Credit Union	224	131	201
Menominee	Menominee Local 328 Credit Union	606	506	544
Menominee	Menominee Paper Credit Union	4,416	3,146	4,063
Midland	Dow Chemical Employees Credit Union	241,169	121,434	212,550
Midland	Midland Area Credit Union	21,470	15,529	20,282

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1987

(000's Omitted)

<u>City</u>	<u>Name of Credit Union</u>	<u>Total Assets</u>	<u>Total Loans</u>	<u>Total Shares and Deposits</u>
Midland	Midland County School Employees Credit Union	19,218	8,206	18,287
Milford	Huron Valley Schools Credit Union	7,069	3,645	6,613
Monroe	Monroe County and Municipalities Employees Credit Union	1,860	1,700	1,602
Monroe	Monroe County Community Credit Union	24,124	11,743	22,803
Monroe	Monroe County Teachers' Credit Union	15,111	10,491	13,391
Monroe	St. Michael's - Monroe Credit Union	548	301	472
Mount Clemens	Dana Detroit Employees Credit Union	399	246	361
Mount Clemens	Health Services Credit Union	4,197	2,495	3,796
Mount Clemens	Joint Military Services Credit Union	36,534	26,771	34,950
Mount Clemens	Macomb Schools and Government Credit Union	127,741	70,413	121,731
Mount Pleasant	Isabella Community Credit Union	26,077	19,651	24,897
Munising	Munising Community Credit Union	8,791	6,059	8,065
Muskegon	Father Marquette-Muskegon Deanery Credit Union	336	273	320
Muskegon	First General Credit Union	13,983	8,103	11,760
Muskegon	Muskegon Catholic Central Credit Union	1,370	1,147	1,208
Muskegon	Muskegon Central Trades Credit Union	1,569	1,071	1,519
Muskegon	Muskegon Consumers Power Employees Credit Union	2,610	1,639	2,228
Muskegon	Muskegon County School Employees Credit Union	19,561	13,680	18,376
Muskegon	Muskegon Piston Ring Employees Credit Union	1,991	1,257	1,743
Muskegon	Muskegon Printing Industrial Employees Credit Union	1,934	1,695	1,791
Muskegon	Muskegon Teachers Credit Union	3,420	2,075	3,156
Muskegon	Sealed Power Employees Credit Union	18,527	7,409	16,550
Muskegon	TRU - VALU Credit Union	4,959	3,511	4,457
Newberry	East Central Upper Peninsula Employees Credit Union	11,435	7,249	10,700
Niles	N.-S. Credit Union	5,901	2,481	5,401
Niles	Tyler Employees Credit Union	3,179	1,581	2,842
Norway	Norway Community Credit Union	2,451	1,909	2,188
Novi	Iron Workers Local 25 Credit Union	2,847	1,417	2,460
Oak Park	Local 17 IBEW Credit Union	1,433	593	1,311
Oak Park	Our Lady of Fatima Credit Union	1,248	808	1,172
Oak Park	Sheetmetal-Oak Park Municipal Credit Union	3,845	3,143	3,611
Ontonagon	Lake Superior Credit Union	1,035	804	925
Orchard Lake	West Acres Credit Union	2,488	981	2,192
Oscoda	Iosco School Employees Credit Union	8,183	3,159	7,667
Otsego	Mead-Otsego Employees Credit Union	1,616	1,221	1,343
Otsego	Otsego Falls Credit Union	230	197	190
Owosso	Centel Credit Union	7,308	3,189	6,611
Owosso	Our Family Credit Union	2,098	1,473	1,911
Owosso	Owosso Columbus Credit Union	2,241	1,961	1,967
Owosso	Shiawassee Community Credit Union	13,079	8,770	11,996
Owosso	Shiawassee Credit Union	1,778	1,024	1,546

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1967

(000's Omitted)

<u>City</u>	<u>Name of Credit Union</u>	<u>Total Assets</u>	<u>Total Loans</u>	<u>Total Shares and Deposits</u>
Pelkie	Pelkie-Copper Country Community Credit Union	2,705	1,118	2,591
Plainwell	Plainwell Paper Co., Inc. Employees Credit Union	2,145	1,055	1,812
Plymouth	Plymouth Council Credit Union	735	377	676
Pontiac	Hudson's Employees Credit Union	76,073	37,815	70,981
Pontiac	North Oakland Community Credit Union	24,465	15,366	23,336
Pontiac	Oakland County Employees Credit Union	33,905	18,212	32,038
Pontiac	Pontiac Municipal Employees Credit Union	18,259	11,164	17,526
Pontiac	Pontiac Postal Employees Credit Union	6,329	3,160	5,105
Pontiac	Pontiac Telephone Employees Credit Union	27,170	15,732	24,959
Port Huron	City County Associates Credit Union	2,026	1,392	1,839
Port Huron	Port Huron Paper Credit Union	1,731	1,089	1,631
Port Huron	St. Clair County Manufacturer's Credit Union	19,817	13,255	17,845
Port Huron	Times Herald Employees Credit Union	468	226	438
Port Sanilac	St. Mary's Parish Credit Union	80	34	71
Redford	Redford Municipal Employees Credit Union	1,182	971	1,105
Redford	Redford Township Community Credit Union	15,532	8,273	14,815
Reed City	Miller Industries Credit Union	1,054	727	872
Reed City	Osceola Community Credit Union	88	69	75
Reese	St. Elizabeth Parish Credit Union	2,525	2,252	2,373
Richmond	Belle River Community Credit Union	4,405	2,840	4,085
River Rouge	MSGR. Champion K. of C. Credit Union	790	589	675
River Rouge	River Rouge Municipal Credit Union	1,308	969	1,078
Riverview	Riverview Community Employees Credit Union	1,344	871	1,137
Rochester	Rochester Schools Credit Union	12,063	6,300	11,579
Rockwood	Christian Community Credit Union	291	217	245
Rogers City	Calclite Credit Union	11,817	5,936	10,565
Romeo	M P G Credit Union	1,930	913	1,824
Romulus	Kerr Employees Credit Union	827	810	703
Roscommon	North Central Area Credit Union	20,362	13,648	15,692
Roseville	ARC Credit Union	4,469	2,142	4,221
Roseville	SERF Credit Union	28,967	22,952	26,408
Roseville	Servitor Credit Union	6,466	5,396	5,690
Roseville	St. Angela Parish Credit Union	4,420	2,545	4,067
Royal Oak	Northwood Transportation Credit Union	17,050	13,143	13,972
Royal Oak	ROME Credit Union	5,337	2,606	4,995
Royal Oak	Royal Oak Community Credit Union	37,104	29,819	35,886
Royal Oak	Royal Oak Schools Credit Union	21,039	8,429	19,783
Royal Oak	St. Mary's of Royal Oak Parish Credit Union	4,559	3,352	4,296
Royal Oak	United Christian Community Credit Union	6,577	5,471	6,177
Rudyard	Rudyard-Pickford Co-op Credit Union	4,693	2,146	4,518
Saginaw	Amalgamated Credit Union	16,054	10,406	13,098

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1987

(000's Omitted)

<u>City</u>	<u>Name of Credit Union</u>	<u>Total Assets</u>	<u>Total Loans</u>	<u>Total Shares and Deposits</u>
Saginaw	Baker Perkins Employees Credit Union	1,947	968	1,884
Saginaw	Communications Family Credit Union	118,874	66,001	105,344
Saginaw	Education Employees Credit Union of Saginaw	42,358	18,273	38,471
Saginaw	Holy Spirit Parish Credit Union	5,755	4,716	5,028
Saginaw	Lake Huron Credit Union	10,042	3,712	9,179
Saginaw	Saginaw C. P. Employees Credit Union	11,250	4,027	10,754
Saginaw	Saginaw County Employees Credit Union	9,851	5,484	9,262
Saginaw	Saginaw Eaton Credit Union	14,897	4,754	13,394
Saginaw	Saginaw Farm Bureau Credit Union	5,756	2,170	5,425
Saginaw	Saginaw Municipal Employees Credit Union	17,253	10,447	15,506
Saginaw	Saginaw News Employees Credit Union	858	488	685
Saginaw	Severance Employees Credit Union	281	271	241
Saginaw	Valley State Employees Credit Union	6,892	5,882	6,450
Sault Ste. Marie	Chippewa County Employees Credit Union	4,033	2,956	3,471
Sault Ste. Marie	Federal Employees of Chippewa Co. Credit Union	1,504	746	1,399
Sault Ste. Marie	Sault Ste. Marie Municipal Employees Credit Union	477	404	430
Sault Ste. Marie	Soo Co-op Credit Union	17,607	14,566	16,263
Southfield	Covenant Credit Union	5,972	4,048	5,677
Southfield	Detroit Federal Employees Credit Union	49,467	23,826	46,203
Southfield	F T D Employees Credit Union	468	140	448
Southfield	Immaculate Heart of Mary Parish Credit Union	3,640	2,001	3,235
Southfield	Michigan Services Credit Union	6,649	3,228	6,277
Southfield	Providence Hospital Employees Credit Union	8,347	3,302	7,693
Southfield	Telcom Credit Union	97,166	60,458	88,607
Southgate	Downriver School Employees Credit Union	13,049	8,529	11,904
Sparta	Rogue River Community Credit Union	5,159	3,830	4,586
Spring Lake	West Grand River Community Credit Union	1,161	1,023	1,116
St. Joseph	Berrien Teachers Credit Union	32,772	25,167	31,107
St. Joseph	Lake-View Credit Union	1,233	692	1,152
St. Joseph	Lakeland Credit Union	22,544	18,198	21,402
Standish	Standish Community Credit Union	2,181	1,685	2,054
Sterling Heights	Sterling - Van Dyke Credit Union	15,771	9,935	13,667
Sterling Heights	Vandyke Industrial Park Credit Union	5,604	2,922	5,096
Tawas City	D. and M. Credit Union	692	485	580
Tawas City	National Gypsum Employees Credit Union	1,328	1,071	1,215
Taylor	D. T. & I. Employees Credit Union	7,345	2,216	6,805
Taylor	St. Cyril and St. Paschal Credit Union	4,019	2,256	3,862
Taylor	Taylor Community Credit Union	21,006	9,612	19,741
Tecumseh	TLC Community Credit Union	45,214	27,129	41,191
Temperance	Mt. Carmel Credit Union	234	142	220
Traverse City	Burwood Credit Union	438	291	373

STATE CHARTERED CREDIT UNIONS AS OF DECEMBER 31, 1987

(000's Omitted)

<u>City</u>	<u>Name of Credit Union</u>	<u>Total Assets</u>	<u>Total Loans</u>	<u>Total Shares and Deposits</u>
Traverse City	Governmental Employees Credit Union	29,348	25,345	27,170
Traverse City	T.C.I.W. Credit Union	2,302	1,925	2,143
Traverse City	TBA Education Credit Union	11,826	10,050	11,011
Traverse City	Trades Credit Union	1,808	1,560	1,720
Trenton	Trenton Governmental Credit Union	12,114	6,848	11,298
Trenton	Trenton Resins Credit Union	459	380	417
Troy	Oakland Catholic Credit Union	32,425	12,449	29,881
Union Lake	St. Patrick Credit Union	445	257	386
Utica	St. Lawrence Columbus Credit Union	7,679	3,649	7,316
Vicksburg	Simpson Lee Employees Credit Union	839	642	789
Warren	BI-County Catholic Credit Union	4,802	1,076	4,252
Warren	E.M.I. Employees Credit Union	621	382	528
Warren	Future Credit Union of Detroit	16,013	7,359	15,276
Warren	Macomb County Postal Employees Credit Union	604	412	512
Warren	Multi-Parish Credit Union	501	339	475
Warren	St. Cletus Credit Union	2,931	1,632	2,690
Warren	St. Leonard's Parish Credit Union	511	379	435
Warren	St. Mark's Credit Union	1,555	846	1,452
Warren	St. Sylvester Parish Credit Union	1,320	1,011	1,176
Warren	Tek-Ni-Kai Credit Union	9,482	6,283	8,748
Waterford	United Family Credit Union	5,959	3,422	5,391
West Branch	Ogemaw Community Credit Union	8,087	3,924	7,547
Westland	C & S Credit Union	18,670	11,572	15,692
Westland	Eloise Credit Union	9,956	6,281	8,517
White Pigeon	Eddy Paper Employees Credit Union	402	310	342
Whitehall	Howmet Employees Credit Union	19,360	11,526	17,658
Whitehall	Whitehall Leather Employees Credit Union	354	237	299
Winn	Morbark Employees Credit Union	389	284	359
Wyandotte	Pennwalt Employees Credit Union	972	716	847
Wyoming	Allied Employers Credit Union	3,727	2,788	3,361
Wyoming	American Box Board Company Employees' Credit Union	1,087	690	890
Wyoming	Blodgett Memorial Medical Center Credit Union	4,766	3,008	4,445
Wyoming	Employees of Keebler Company's Grand Rapids Bakery Credit Union	1,494	782	1,353
Wyoming	Multi-Products Credit Union	31,841	21,371	29,187
Wyoming	Spartan Stores Credit Union	4,346	3,087	4,080
Ypsilanti	Eastern Michigan University Credit Union	4,159	1,697	3,671

OFFICE OF POLICY AND CONSUMER AFFAIRS

Murray E. Brown
Deputy Commissioner

The Office of Policy and Consumer Affairs is composed of two divisions, the Consumer Finance Division, and the Research and Urban Investment Division.

The Consumer Finance Division regulates the activities of licensees under the Business and Industrial Development Corporation Act, Regulatory Loan Act of 1963, Motor Vehicle Sales Finance Act, Secondary Mortgage Act, Credit Card Act, Mortgage Brokers, Lenders and Servicers Licensing Act, and Sale of Checks Act.

The Research and Urban Investment Division administers and enforces the provisions of Michigan's Mortgage Anti-Redlining Law (Public Act No. 135 of 1977). It is responsible for research, analysis and development of legislation which affects financial institutions or the users of financial services, promulgation of administrative rules, and publication of the Bureau's annual report. The division also administers the consumer education activities of the Bureau and publishes a newsletter for the financial industry.

RESEARCH AND URBAN INVESTMENT DIVISION

Peggy Bryson
Director

Marian Kummerl
Program Specialist

Russell LaCoursier
Economic Analyst

Peter Kuhnmuensch
Policy Analyst

Marcia Miller
Policy Analyst

The Research and Urban Investment Division is responsible for the administration and enforcement of Michigan's Mortgage Anti-Redlining Law (Public Act No. 135 of 1977). This act prohibits geographic discrimination in mortgage and home improvement lending and requires lenders to disclose annually, by census tract or ZIP code, mortgage and home improvement loans made,

the average contract terms for these loans, the total number of loan applications denied, the reasons for denial, and the number of mortgage foreclosures which occurred during the previous year.

The Research and Urban Investment Division also is responsible for the analysis and development of legislation which affects financial

Institutions and users of financial services. The division's legislative functions include the drafting of legislation, analyzing proposed legislation and testifying at legislative and public hearings. The division administers the Bureau's rules promulgation function, publishes the Bureau's annual report, publishes a quarterly newsletter for the financial industry, produces a bi-monthly television program, coordinates the Bureau's consumer education activities, and is responsible for handling consumer complaints and inquiries involving such topics as usury, due-on-sale clauses, mortgage escrow accounts and electronic funds transfer services.

The division played a major role in the negotiations on and the drafting of the Interstate Thrift Law, the Bank Powers Bill, and the Mortgage Brokers, Lenders and Servicers Licensing Act (see "Significant Developments"). Other projects undertaken by the Research and Urban Investment Division during 1987 include the promulgation of rules to implement the Credit Union Act modernization and development of a declaratory ruling regarding regulatory loans by mail. During 1987, the division commenced publication of a quarterly newsletter targeted toward financial institutions. The newsletter conveys information about new laws and rules, Attorney General opinions, significant court rulings, staff changes, and research projects, among other subjects.

The division's consumer education function is carried out in several ways. It provides speakers to address consumer groups, monitors the Bureau's handling of consumer complaints and inquiries involving financial institutions, and publishes brochures and fact sheets on financial topics.

Although the division published no new brochures in 1987, it updated its table, Michigan Statutory Interest Rate Ceilings, to incorporate changes in state and federal law. Brochures previously published by the division include: "What You Should Know About Mortgage Escrow Accounts," "Taking Interest In Your Savings," "How to Shop for Credit," "Bank Credit Cards and Average Daily Balance," "Mortgage Redlining -- Your Rights and Responsibilities" and "Mortgage Review Boards -- How They Can Help You."

The division also commenced production of "Common Cents", a television program designed to answer consumers' questions about financial institutions and financial services. The program is taped at WELM-TV 11 in East Lansing and airs on the public access channel in East Lansing. Copies of programs in VHS format are available to schools, libraries and other organizations and will be made available for broadcast by cable television stations elsewhere in Michigan. Tapes currently available discuss home equity loans, credit cards and checking accounts.

The four regulatory divisions and the Research and Urban Investment Division were responsible for responding to consumer questions and complaints about financial institutions and unregulated creditors. Table I represents the industry breakdown of the complaints and inquiries handled in 1986 and 1987. In 1987, the Bureau responded to 1375 consumer complaints and inquiries, up 830 from 1986. Table II lists the most frequent categories of complaints and inquiries received in 1987. Mortgages replaced usury as the most frequently raised topic of inquiry.

TABLE I
Number of Complaints and Inquiries Received
By Industry Group

Industry Group	Complaints		Inquiries		Total	
	<u>1986</u>	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>	<u>1987</u>
Banks	117	90	62	64	179	154
Credit Unions	70	154	6	39	76	193
Savings & Loans	46	42	24	42	70	84
Motor Vehicle Licensees	1	1	2	102	3	103
Regulatory Loan Licensees	0	2	0	4	0	6
Secondary Mortgage Licensees	0	0	1	2	1	2
Sale of Check Licensees	0	0	0	113	0	113
Retailers, Mortgage Companies and Others	<u>17</u>	<u>61</u>	<u>199</u>	<u>659</u>	<u>216</u>	<u>720</u>
TOTALS	251	350	294	1025	545	1375

TABLE II
Most Frequent Types of Complaints and Inquiries
Received During 1987

Category	<u>Complaints</u>	<u>Inquiries</u>	<u>Total</u>
Usury	1	118	119
Checking/Draft Accounts	45	5	50
Mortgages (General)	27	266	293
Discrimination/Redlining	11	27	38
Installment Loans	26	11	37
Savings/Share/Time Accounts	16	8	24
Escrow Accounts	18	5	23

Mortgage and Home Improvement Lending

The most recent data reported to the Bureau under the Mortgage Anti-Redlining Act indicate a dramatic increase in mortgage lending occurred between 1985 and 1986, not just in conventional loans on single-family homes, but extending also to government-insured or -guaranteed loans and loans on multi-family dwellings. Nationwide, in 1986, mortgage loans originated on one-to-four family homes rose 79.6% to \$442.3 billion, and loans on

multi-family properties climbed 58.6% to \$48.4 billion.

In Michigan, mortgage loans on one-to-four family homes were up 68.1% over 1985 levels to \$6,550 million, and multi-family loans rose 147.1% to \$173 million. Improving employment and declining interest rates on loans made home mortgages affordable to a larger proportion of the population in 1986. Interest rates began to rise again, however, during 1987 and new housing construction slowed somewhat toward the close of the '87 construction

season. It is anticipated that data on first mortgage lending in Michigan during 1987 will not show the dramatic increases of the past few years but will level off near 1986 volumes. Home equity lending, on the other hand, mushroomed during 1987.

Public Act 135 - Other Activities

On September 22, 1987, the Bureau cosponsored (with several lenders, trade associations, consumer organizations and housing associations and under the auspices of the Michigan Bankers Association) a conference designed to make mortgage lenders aware of successful programs that make home loans more accessible to lower income persons. "Housing and Economic Development: Lender-to-Lender" gave lenders an inside look at how one bank's development efforts brought it not only kudos from its community and regulators but healthy earnings as well. It presented a successful neighborhood home rehab project from the perspectives of both the project developer and the banker who financed it. Another person explained how her community organization was able to surmount the political, financial and operational roadblocks that rose in the path of a now nationally acclaimed small business development project in a Los Angeles neighborhood.

The conference grew out of a recommendation by the Bureau's Community Investment Advisory Committee. The 116 persons attending the conference included representatives of banks, savings and loan associations, credit unions, community groups, state government, city planners, and financial trade associations.

Plans for the Future

Home equity lending has assumed new prominence in light of 1986 revisions in the federal tax code which will

phase out tax deductions for virtually all consumer debt except home mortgages. The number and variety of home equity loans available has created confusion for many potential borrowers. The division plans to develop a brochure that will help consumers identify the pros and cons of such loans and choose among the loan programs offered.

In 1988, the division will review the performance of voluntary mortgage review boards to determine whether they are performing the function anticipated by the drafters of Michigan's Mortgage Anti-Redlining Act. Performance standards will be established and the division will encourage formation of review boards in areas which evidence need and are not presently served by voluntary mortgage review boards.

Electronic Fund Transfer (EFT) Activities in Michigan

The Bureau obtained information on EFT activities through questionnaires mailed to all state-chartered depository institutions and multibank holding companies. To avoid a double count, no questionnaires were sent to banks which were subsidiaries of multibank holding companies. Of the 112 independent state-chartered banks, 93 (83.0% of the total) responded to the survey. Sixteen of the 18 multibank holding companies, accounting for 157 banks (107 state-chartered and 50 nationally chartered) responded to the questionnaire. Of the six state-chartered savings and loan associations, five responded to the survey. Of the 446 state-chartered credit unions, 418 (93.7% of the total) filed responses. The Bureau also conducted a telephone survey of selected federal savings and loan associations. Both of the major non-financial institution providers, MAGIC LINE and QUANTUM, supplied information on their shared

networks. Network One, an EFT switch provider owned and operated by NBD Bancorp, Inc., supplied information on its network.

Institutions owned or leased 2,705 automated teller machines (ATMs) as compared to 2,407 owned or leased as of December 31, 1986. Of the total ATMs, 2,687, or 99.3% were shared.

Table I shows that as of December 31, 1987, responding financial

Table I -- Automated Teller Machines (ATMs) Owned or Leased by Responding Organizations and Financial Institutions

	<u>12-31-85</u>	<u>12-31-86</u>	<u>12-31-87</u>
No. of ATMs	2151	2407	2705**
On-premise	1653	1708	1919*
Off-premise	498	699	786*
Shared	1973	2311	2687
Unshared	175	96	18
Staffed terminals	<u>645</u>	<u>782</u>	<u>324</u>
(ATMs & staffed terminals)	2796	3189	3029

*Figures are estimates computed using the 1986 percentage of the total ATMs that were on-premise (off-premise).

**Figure is an estimate (an exact figure was unavailable because the number of ATMs that were part of both MAGIC LINE and Network One was unavailable at year-end).

Table II shows that responding multibank holding companies (MBHCs) reported that their subsidiary banks owned or leased 1,250 ATMs (representing a 21.6% decline from the number of ATMs deployed by MBHCs on 12/31/86), of which 936 were on-premise and 314 off-premise. A few respondents reported having fewer ATMs than their totals of a year earlier. In addition, this year two MBHCs failed to respond to the survey. Three ATMs, or .2% of the total were shared by only subsidiary banks of the same holding company, while 99.8% were shared by both

subsidiary banks and unaffiliated institutions. Responding MBHCs reported that they had 1,053 ATMs that were part of MAGIC LINE, 888 ATMs that were part of Network One, and 53 ATMs that were part of QUANTUM. MBHCs reported having no staffed terminals (terminals at which a teller routinely assists the customer to complete a transaction) at year end 1987 as compared with 782 one year earlier. MBHCs reported that 865 of their ATMs were linked with an Interstate EFT system, as compared to 994 reported one year earlier.

Table II -- ATMs Reported by Responding MBHCs as of December 31, 1987

	<u>On-premise</u>		<u>Off-premise</u>	
	<u>1986</u>	<u>1987</u>	<u>1986</u>	<u>1987</u>
Total ATMs	1261	936	334	314
Shared (subsidiaries only)	5	3	0	0
Shared (any institution)	1232	933	334	314
Unshared	24	0	0	0
Staffed terminals	782	0	-	-

As shown in Table III, MAGIC LINE reported that its membership increased in 1987 by 34 financial institutions to 346 (168 banks, 11 savings and loans, and 167 credit unions) at year end. MAGIC LINE also reported having 2,207 ATMs (1,440 on-premise and 767 off-premise) and

324 staffed terminals in its shared network. The difference in the numbers of staffed terminals reported by MBHCs and MAGIC LINE can be explained by the fact that one of the MBHCs which did not respond to the survey apparently has a large number of staffed terminals.

Table III -- ATMs and Financial Institutions that were part of MAGIC LINE at year end*

	<u>1985</u>	<u>1986</u>	<u>1987</u>
No. of ATMs	1578	1910	2207
On-premise	1166	1243	1440
Off-premise	412	662	767
No. of staffed terminals	645	704**	324**
No. of financial institutions	250	312	346
Banks	139	159	168
S&Ls	13	13	11
Credit unions	98	140	167

*Information furnished by MAGIC LINE.

**Figures differ from those reported by MBHCs.

Table IV shows that, at year-end 1987, Network One had 294 member financial institutions and 1,531 ATMs. Network One reported that

1,194 ATMs (78.0% of the total) were on-premise and 337 (22.0% of the total) were off-premise.

Table IV -- ATMs and Financial Institutions that were part of Network One at year end*

	<u>1987</u>
No. of ATMs	1531
On-premise	1194
Off-premise	337
No. of financial institutions	294

*Information furnished by Network One.

As shown in Table V, membership in Quantum increased in 1987 by 24 financial institutions to 103 (24 banks, 4 S&Ls, and 75 CUs) as of year-end 1987. QUANTUM reported that

the number of ATMs increased to 350 (of which an estimated 240 were on-premise and 110 were off-premise) from the 259 reported one year earlier.

Table V -- ATMs and Financial Institutions that were part of QUANTUM at year end

	<u>1985</u>	<u>1986</u>	<u>1987</u>
No. of ATMs	191	259	350
On-premise	141	140	240
Off-premise	50	119	110
No. of financial institutions	89	79	103
Banks	10	11	24
S&Ls	4	4	4
Credit Unions	75	64	75

Independent state-chartered banks at year end reported that they had 105 ATMs (86 on-premise and 19 off-premise) as compared with 118 (104 on-premise and 14 off-premise) reported one year earlier. Responding savings and loan associations (state and those federal that were surveyed) reported that they owned or leased 266 ATMs (97 on-premise and 169 off-premise) at year end as compared with 279 ATMs (122 on-premise and 157 off-premise). As noted earlier, only selected S&Ls were surveyed which may

have resulted in excluding some institutions that offer electronic funds transfer services. Also, differences in the level of participation may help to explain the lower number in 1987. All of the 266 ATMs owned or leased by savings and loans were shared as compared to 263, or 94.3% of the total being shared as of one year earlier. State-chartered credit unions had 148 ATMs (76 on-premise and 72 off-premise and 141 shared and 7 unshared) as compared with 94 ATMs reported one year earlier.

CONSUMER FINANCE DIVISION

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Regulatory Loan Act

The Regulatory Loan Act, Act No 21, P.A. 1939, as amended, authorizes loans to consumers up to a maximum amount of \$3,000. Real estate may not be taken as security for loans under this Act.

There were 64 regulatory loan companies licensed at year end 1987, six less than year-end 1986. There were two licenses issued during the year and eight were cancelled.

Net loans receivable at December 31, 1987, were \$101,987,000 which reflected an increase of \$8,536,000. Gross operating income for the industry increased only \$2,000 for the year. Charge-offs increased by \$505,000 over 1986 and an additional \$148,000 was added to bad debt reserves.

There were 38 examinations of licensees conducted during the year.

Secondary Mortgage Act

The Secondary Mortgage Act, Act No. 125, P.A. 1981, as amended, authorizes a loan of \$3,000 or more used for personal, family or household purposes and secured by a

junior lien on real property used as a dwelling by one to four families.

At year-end 1987, 80 licensees under the Secondary Mortgage Act had 17,582 loans outstanding in the amount of \$248,743,784. There were 11 licenses issued during the year and 10 cancelled. Interest rates charged for the year ranged from 7.5% to 18%. Foreclosures totaled 48 in 1987, as compared to seven the prior year. There were 49 examinations of licensees conducted during the year.

Motor Vehicle Sales Finance Act

The Motor Vehicle Sales Finance Act, Act No. 27, P.A. 1950, as amended, regulates certain sales of motor vehicles. The act provides for the licensing and regulation of both the installment seller and the sales finance company.

At year-end 1987, 1867 installment sellers (automobile dealers) and 1801 sales finance companies (including state and national banks, state and federal savings and loan institutions, and state and federal credit unions) were licensed. The licensees reflect an increase of 61 installment sellers and a decrease of 16 sales finance licensees from

year-end 1986. At the close of the year, sales finance licensees reported 5.9 million accounts outstanding, accounting for \$36.2 billion. Interest rates charged ranged from 1.9% to 22%. Forty-nine examinations were conducted during the year. In the last quarter of the year, two examiners were added to the staff to reactivate the examination program.

Credit Card Act

The Credit Card Act, Act No. 379, P.A. 1984, as amended, authorizes the licensing and examination of non-depository issuers of credit cards.

There were three licenses issued during the year and the examination program will begin in 1988.

Sale of Checks Act

The Sale of Checks Act, Act No. 136, P.A. 1960, as amended, authorizes the licensing and regulation of sellers of travelers checks, money orders and other transmitters of money. On July 6, 1987, Commissioner Kuthy appointed a conservator for Grand Money Order Company when it became unable to honor its obligations as they were presented for payment. Subsequently, the Wayne County Circuit Court appointed Commissioner Kuthy as liquidating receiver for the company. Over 11,000 claims have been submitted amounting to in excess of \$990,000. The receiver has commenced litigation against several of the agents of the company and against the company issuing the bond which thus far has refused to honor its obligation. At year-end, there were 16 licensees with 5,683 agents. There were 31,031,587 checks sold in Michigan during 1987 for \$3,803,357,298.00.

Business and Industrial Development Corporation Act

The BIDCO Act, Act No. 89, P.A. 1986, authorizes the licensing, examination, and supervision of Michigan Business and Industrial Development Corporations.

There was one license issued during the year and the examination program will begin in 1988. In addition to the one license issued, preliminary approval was given to another applicant.

Mortgage Brokers, Lenders and Servicers Licensing Act

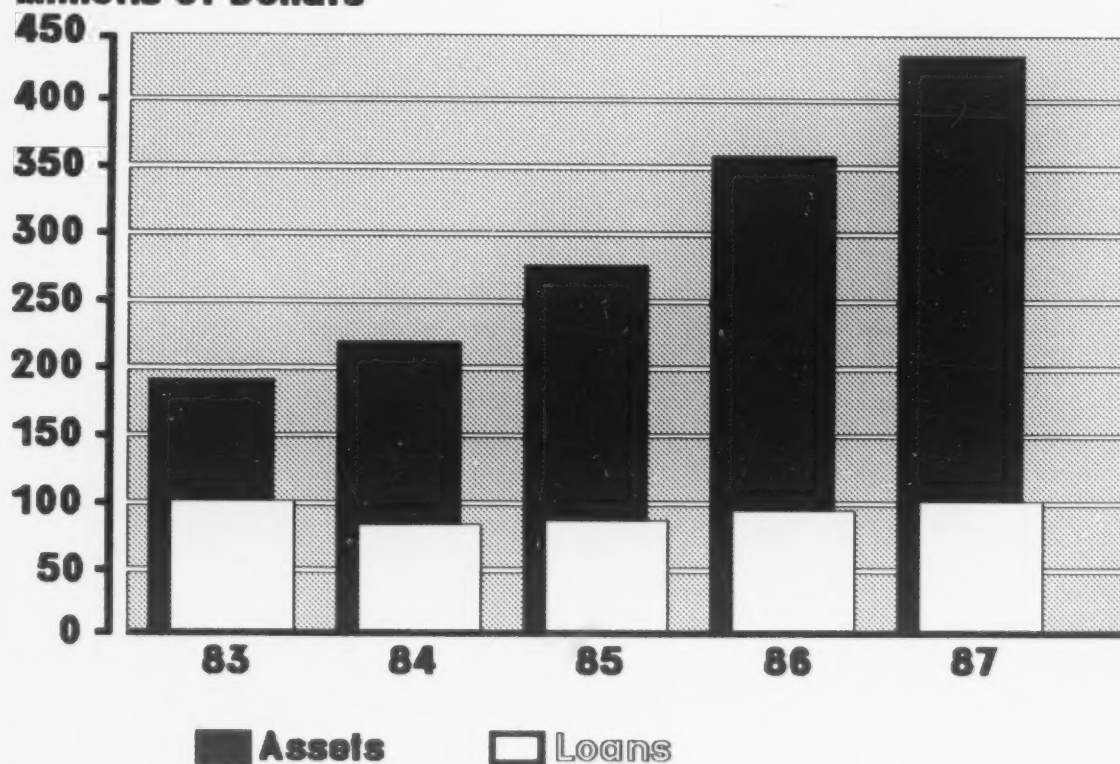
The First Mortgage Act, Act No. 173, P.A. 1987, was signed into law by Governor Blanchard on November 17, 1987. This act was passed by the legislature partly in response to the Diamond Mortgage and A.J. Obie investment scheme, in which investors lost \$47 million dollars in Michigan. Brokers, lenders, and servicers of first mortgages have until February 16, 1988 to file for registration or licensure under the act.

The act provides that a minimum net worth must be met by the applicant for a license. It also requires the applicant to maintain a deposit with the Commissioner as proof of financial responsibility. Such proof may be provided through delivery of a corporate surety bond, an irrevocable letter of credit, or deposit of securities or a certificate of deposit with the state treasurer.

The act exempts from licensing or registration subsidiaries and affiliates of depository institutions in addition to the affiliates or subsidiaries of a holding company.

COMPARATIVE CHART OF ASSETS AND LOANS OF REGULATORY LOAN LICENSEES IN MICHIGAN

Millions of Dollars



CONSOLIDATED BALANCE SHEET

Regulatory Loan Licensees

(000's Omitted)

	December 31, 1986 <u>70 Licensees</u>	December 31, 1987 <u>64 Licensees</u>	Percent Increase (Decrease)
ASSETS			
Cash on hand and in banks	\$ 518	\$ 384	(25.9)%
Loans receivable	93,451	101,987	9.1
Real estate (less depreciation)	0	0	---
Furniture, fixtures and equipment (less depreciation).	0	0	---
Deferred charges and prepaid expenses	110	145	31.8
Other assets	<u>1,836</u>	<u>1,640</u>	(10.7)
Total Assets used In Regulatory Loan Business	95,915	104,156	8.6
Other Assets not used In Regulatory Loan Business	<u>263,960</u>	<u>329,497</u>	24.8
TOTAL ALL ASSETS	<u>\$359,875</u>	<u>\$433,653</u>	20.5
LIABILITIES AND CAPITAL			
Accounts and notes payable:			
Banks	3,477	3,585	3.1
Due parent company or affiliate	68,134	79,212	16.3
Other short term notes and accounts	17,395	15,117	(13.1)
Bonds and long term notes	16,631	19,776	18.9
Other Liabilities:			
Accrued expenses	586	339	(42.2)
Dealer reserves	945	965	2.1
Other	715	437	38.9
Expense reserves:			
Reserves for licenses and taxes	218	195	(10.6)
Other expense reserves	55	33	(40.0)
Reserve for bad debts	946	1,250	32.1
Branch office capital	236,169	297,646	26.0
Net worth	272	350	28.7
Capital Stock:			
Preferred	765	765	0
Common	706	618	(12.5)
Appropriated surplus or capital reserves	5,352	3,868	(27.7)
Earned surplus (including undivided profits).	<u>7,509</u>	<u>9,497</u>	26.5
TOTAL LIABILITIES AND CAPITAL	<u>\$359,875</u>	<u>\$433,653</u>	20.5

CONSOLIDATED STATEMENT OF OPERATIONS

Regulatory Loan Licensees

(000's Omitted)

	1986	1987	Percent Increase (Decrease)
INCOME			
Charges collected and/or earned	\$17,398	\$17,743	2.0%
Collections on accounts previously charged off	1,541	1,241	(19.5)
Net income from credit insurance	0	0	---
Other income	<u>129</u>	<u>86</u>	(33.3)
Total income derived from Regulatory Loan Business	\$19,068	\$19,070	.0
EXPENSE			
Advertising	\$ 411	\$ 879	113.9
Amortization	0	0	---
Auditing	45	38	(15.6)
Bad debts:			
Charge offs	1,733	2,238	29.1
Additions to reserve for bad debts	616	764	24.0
Depreciation (furniture, fixtures and equipment)	274	294	7.3
Insurance and fidelity bonds	100	105	5.0
Interest on borrowed funds	7,486	7,927	5.9
Legal fees and disbursements	296	290	(2.0)
Postage and express	219	180	(17.8)
Printing, stationery and supplies	188	191	1.6
Rent, heat, light and janitor services	482	483	.2
Salaries	4,082	3,905	(4.3)
Home office, parent company or management allocated charges	4,084	3,941	(3.5)
Licenses and taxes other than on income	195	191	(2.1)
Telephone and telegraph	283	319	12.7
Travel, automobile expense and allowance	82	74	(9.8)
Other expenses	<u>453</u>	<u>560</u>	23.6
Less total expenses of conducting Regulatory Loan Business (excluding income taxes)	\$21,029	\$22,379	6.4
Income before income taxes	(\$ 1,961)	(\$ 3,309)	68.7
Less income taxes	<u>(1,113)</u>	<u>(1,797)</u>	61.5
Net income derived from Regulatory Loan Business	(\$ 848)	(\$ 1,512)	78.3
Total income derived outside Regulatory Loan Business	\$42,552	\$47,575	11.8
Less expense (including interest on borrowed funds and income taxes)	<u>36,687</u>	<u>42,233</u>	15.1
Net income outside Regulatory Loan Business	<u>\$ 5,865</u>	<u>\$ 5,342</u>	(8.9)
NET INCOME	<u>\$ 5,017</u>	<u>\$ 3,830</u>	(23.7)

COMPARATIVE STATISTICAL DATA

Regulatory Loan Licensees

1978 - 1987

Year	Total Regulatory Loan Licenses	National Companies (1 or more Offices)	Domestic Companies (1 or more Offices)	New Licenses	Licenses Cancelled	Assets*	Loans* Outstanding	Reserve for Bad Debts*	Average Number of Open Accounts	Average Annual Expense per Account
1978	375	321	54	43	55	\$435,085	\$341,166	\$ 9,557	379,277	\$112.98
1979	350	303	47	29	54	515,063	422,111	10,885	365,658	127.37
1980	271	229	42	23	102	420,187	342,213	8,370	329,028	129.81
1981	165	133	32	2	108	303,003	231,386	6,502	261,054	121.82
1982	104	76	28	8	69	195,952	138,111	4,909	161,560	140.09
1983	88	62	26	3	19	190,994	100,331	2,047	102,758	175.39
1984	72	49	23	32	48	220,282	83,605	1,242	70,371	160.26
1985	70	48	22	2	5	274,772	89,174	1,013	65,681	168.35
1986	70	51	19	6	6	359,875	93,451	946	62,876	197.67
1987	64	47	17	2	8	433,653	101,987	1,250	60,814	208.12

*(000's Omitted)

COMPARATIVE SUMMARY OF LOANS OUTSTANDING AND EARNINGS

Regulatory Loan Licensees

1973 - 1987

(000's Omitted)

Year	Number of Licenses	Loans Outstanding December 31	Average Invested Assets	Total Gross Earnings	Net Earnings Before Interest Paid	Gross Earnings to Average Invested Assets	Net Earnings* to Average Invested Assets	Net Earnings**	Net Earnings** to Average Invested Assets
1973	593	\$412,374	\$433,592	\$81,820	\$30,272	18.87%	6.98%		
1974	550	391,783	445,643	83,432	31,116	18.72	6.98		
1975	461	349,687	406,339	74,904	23,853	18.43	5.87		
1976	415	326,921	356,701	68,222	22,292	19.13	6.25		
1977	387	332,526	351,956	67,324	24,442	19.13	6.94	\$2,113	0.60%
1978	375	341,166	358,333	69,277	26,427	19.33	7.38	1,523	0.42
1979	350	422,111	401,148	77,141	31,298	19.23	7.80	(1,322)	(0.33)
1980	271	342,213	402,574	74,500	31,790	18.51	7.90	(5,332)	(1.32)
1981	165	231,386	302,724	56,803	25,001	18.76	8.26	(8,311)	(2.75)
1982	104	138,111	177,188	32,466	9,834	18.32	5.55	(6,240)	(3.52)
1983	88	100,331	109,377	24,259	6,237	22.18	5.70	526	0.48
1984	72	83,605	99,313	18,208	6,931	18.33	6.98	202	0.20
1985	70	89,174	92,493	17,764	6,009	19.21	6.50	(1,407)	(1.52)
1986	70	93,451	100,584	19,068	6,638	18.96	6.60	(848)	(.84)
1987	64	101,987	106,805	19,070	6,414	17.85	6.01	(1,512)	(1.42)

*Before Interest paid

**After Interest paid

AVERAGE INVESTED ASSETS - BASE FOR DETERMINING PROFIT PERCENTAGES

Regulatory Loan Licensees

	<u>1986</u>	<u>1987</u>
Total assets	\$94,968,517	\$102,906,177
Total assets from home office	8,715,737	7,019,367
Other assets	<u>0</u>	<u>0</u>
Total	<u>\$103,684,254</u>	<u>\$109,925,544</u>
Average Invested assets	\$100,584,245	\$106,804,899
Percent of gross earnings derived from Regulatory Loan Business to average invested assets	18.96%	17.85%
Percent of net earnings derived from Regulatory Loan Business, before deducting gross cost of borrowed funds, to average Invested assets	6.60%	6.01%

ANALYSIS OF EXPENSE PER ACCOUNT

Regulatory Loan Licensees

	<u>1986</u> <u>Loans \$3,000</u> <u>or less</u>	<u>1987</u> <u>Loans \$3,000</u> <u>or less</u>
Total operating income	\$19,067,619	\$19,070,270
Less: Net Income before deducting Interest on borrowed funds . .	<u>6,638,781</u>	<u>6,413,509</u>
Total expenses of conducting Regulatory Loan Business . .	<u>\$12,428,838</u>	<u>\$12,656,761</u>
Average number of accounts	62,876	60,814
Average annual expense per account	\$ 197.67	\$ 208.12
Average monthly expense per account	\$ 16.47	\$ 17.34

EXAMINATIONS, VIOLATIONS AND COMPLAINTS

Regulatory Loan Licensees

	<u>Examinations</u>	<u>Violations of Laws</u> <u>Detected During Examinations</u>	<u>Violations of Rules</u> <u>Detected During Examinations</u>	<u>Consumer</u> <u>Complaints</u>
1983	92	160	212	13
1984	77	322	176	6
1985	67	301	101	6
1986	55	353	97	8
1987	38	180	30	3

SECONDARY MORTGAGE LICENSEES

	<u>1986</u>	<u>1987</u>
Number of licenses	79	80
Number of new licenses issued . . .	20	11
Number of licenses cancelled . . .	17	10
Number of examinations conducted . .	76	49
Number of complaints	5	3

SALE OF CHECKS LICENSEES

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Number of licenses	15	15	17	15	16
Number of new licenses issued . . .	4	1	3	0	2
Number of checks sold	22,841,126	26,132,027	25,378,231	28,580,847	31,031,587
Amount of checks sold	\$1,285,368,252	\$1,530,489,500	\$1,369,121,359	\$2,348,919,648	\$3,803,357,298
Number of examinations	3	2	2	3	0

MOTOR VEHICLE LICENSEES

	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>
Number of sales finance licenses	1,937	1,939	1,868	1,817	1,801
Number of installment seller licenses	1,746	1,745	1,749	1,806	1,867
Number of new sales finance licenses issued	119	74	62	143	255
Number of new installment seller licenses issued	170	185	209	254	294
Number of complaints	7	15	23	31	24

CREDIT CARD LICENSEES

	<u>1987</u>
Number of Licenses	3

BUSINESS AND INDUSTRIAL DEVELOPMENT CORPORATIONS (BIDCO's)

	<u>1987</u>
Number of Licenses	1

REGULATORY LOAN LICENSEES as of December 31, 1987

Name of Licensee and City

Banc One Financial Services, Inc., Adrian
 Pacesetter Financial Services, Inc., Albion
 Household Finance Corporation III, Allen Park
 Manufacturers Hanover Consumer Services, Inc., Ann Arbor
 Banc One Financial Services, Inc., Battle Creek
 Household Finance Corporation III, Battle Creek
 Michigan Loan Company of Battle Creek, Battle Creek
 Household Finance Corporation III, Bay City
 Community Finance Company, Benton Harbor
 Pacesetter Financial Services, Inc., Big Rapids
 BarclaysAmerican/Financial, Inc., Bingham Farms
 Oliver Credit Corporation, Caro
 Banc One Financial Services, Inc., Coldwater
 Household Finance Corporation III, Dearborn
 BarclaysAmerican/Financial, Inc., Dearborn Heights
 Banc One Financial Services, Inc., Dowagiac
 Household Finance Corporation III, East Detroit
 Household Finance Corporation III, Farmington
 BarclaysAmerican/Financial, Inc., Flint
 Baxter Finance Corporation, Flint
 Household Finance Corporation III, Flint
 Household Finance Corporation III, Flint
 Oliver Credit Corporation, Flint
 Smith Loans, Inc., Flint
 Kearney Credit Incorporated, Fraser
 Banc One Financial Services, Inc., Grand Rapids
 Chrysler First Financial Services Corporation, Grand Rapids
 Fleet Finance, Inc., Grand Rapids
 Household Finance Corporation III, Grand Rapids
 Walter C. Wylie & Co., Hancock
 Banc One Financial Services, Inc., Hillsdale
 Banc One Financial Services, Inc., Holland

Name of Licensee and City

Pacesetter Financial Services, Inc., Holland
 Oliver Credit Corporation, Howell
 Walter C. Wylie & Co., Ishpeming
 Banc One Financial Services, Inc., Kalamazoo
 Banc One Financial Services, Inc., Lansing
 Chrysler First Financial Services Corporation, Lansing
 Household Finance Corporation III, Lansing
 Oliver Credit Corporation, Lansing
 Oliver Credit Corporation, Lapeer
 Chrysler First Financial Services Corporation, Livonia
 Household Finance Corporation III, Livonia
 Walter C. Wylie & Co., Marquette
 Household Finance Corporation III, Mt. Clemens
 Muskegon Loan Co., Muskegon
 Banc One Financial Services, Inc., Paw Paw
 Manufacturers Hanover Consumer Services, Inc., Pontiac
 Household Finance Corporation III, Pontiac
 Chrysler First Financial Services Corporation, Portage
 Household Finance Corporation III, Portage
 Household Finance Corporation III, Port Huron
 Household Finance Corporation III, Roseville
 Household Finance Corporation III, Royal Oak
 Household Finance Corporation III, Saginaw
 Walter C. Wylie & Co., Sault Ste. Marie
 Credit Acceptance Corporation, Southfield
 Fleet Finance, Inc., Southfield
 Household Finance Corporation III, Sterling Heights
 Household Finance Corporation III, Westland
 Household Finance Corporation III, Wyandotte
 Household Finance Corporation III, Wyoming
 Household Finance Corporation III, Ypsilanti
 Quality Credit Co. of Zeeland, Michigan, Inc., Zeeland

SECONDARY MORTGAGE LICENSEES as of December 31, 1987

Name of Licensee and City

Banc One Financial Services, Inc., Adrian
Household Realty Corporation, Allen Park
Manufacturers Hanover Consumer Services, Inc., Ann Arbor
First Union Home Equity Corporation, Ann Arbor
Triad Mortgage Corporation, Ann Arbor
Banc One Financial Services, Inc., Battle Creek
Household Realty Corporation, Battle Creek
Household Realty Corporation, Bay City
Andrews University, Berrien Springs
BarclaysAmerican/Financial, Inc., Bingham Farms
First Union Home Equity Corporation, Birmingham
Merrill Lynch Realty, Birmingham
Yegen Equity Loan Corporation, Birmingham
Oliver Credit Corporation, Caro
Banc One Financial Services, Inc., Coldwater
Household Realty Corporation, Dearborn
BarclaysAmerican/Financial, Inc., Dearborn Heights
Banc One Financial Services, Inc., Dowagiac
Gehrke Mortgage Corporation, East Detroit
Household Realty Corporation, East Detroit
First Union Home Equity Corporation, E. Lansing
GMAC Mortgage Corporation of PA, Elkins Park, PA
Household Realty Corporation, Farmington
Citicorp Mortgage, Inc., Farmington Hills
John Adams Mortgage Company, Farmington Hills
Travelers Mortgage Services, Inc., Farmington Hills
Union Mortgage Company, Inc., Farmington Hills
BarclaysAmerican/Financial, Inc., Flint
Household Realty Corporation, Flint
Household Realty Corporation, Flint
Oliver Credit Corporation, Flint
Kearney Credit Incorporated, Fraser
Banc One Financial Services, Inc., Grand Rapids
Chrysler First Financial Services Corp., Grand Rapids
First Union Home Equity Corporation, Grand Rapids
Fleet Finance, Inc., Grand Rapids
Household Realty Corporation, Grand Rapids
Banc One Financial Services, Inc., Hillsdale
Banc One Financial Services, Inc., Holland
Oliver Credit Corporation, Howell

Name of Licensee and City

Banc One Financial Services, Inc., Kalamazoo
First Union Home Equity Corporation, Kalamazoo
Banc One Financial Services, Inc., Lansing
Chrysler First Financial Services Corporation, Lansing
Household Realty Corporation, Lansing
Oliver Credit Corporation, Lansing
Oliver Credit Corporation, Lapeer
Chrysler First Financial Services Corporation, Livonia
First Union Home Equity Corporation, Livonia
Household Realty Corporation, Livonia
Household Realty Corporation, Mt. Clemens
The Neighborhood Project, Oak Park
Banc One Financial Services, Inc., Paw Paw
Manufacturers Hanover Consumer Services, Inc., Pontiac
Household Realty Corporation, Pontiac
RFI, Inc., Pontiac
Chrysler First Financial Services Corporation, Pontiac
Household Realty Corporation, Portage
Household Realty Corporation, Port Huron
Household Realty Corporation, Roseville
Household Realty Corporation, Royal Oak
Household Realty Corporation, Saginaw
Chrysler First Financial Services Corporation, South Bend, IN
First Union Home Equity Corporation, South Bend, IN
Sears Consumer Financial Corporation, Southfield
Fleet Finance, Inc., Southfield
The Lomas and Nettleton Company, Southfield
Merrill Lynch Equity Management, Inc., Stamford, CT
Merrill Lynch Realty, Stamford, CT
Merrill Lynch Pierce, Fenner & Smith Inc., Stamford, CT
Household Realty Corporation, Sterling Heights
Chrysler First Discount Company of Ohio, Toledo, OH
First Union Home Equity Corporation, Toledo, OH
Yegen Equity Loan Corp., Toledo, OH
Dean O'Brien dba Elite Mortgage Company, Troy
First Union Home Equity Corporation, Warren
Household Realty Corporation, Westland
Household Realty Corporation, Wyandotte
Household Realty Corporation, Wyoming
Household Realty Corporation, Ypsilanti

OFFICE OF ADMINISTRATION

Philip F. Rooney
Director

Sonya W. Dungey
Administrative Analyst

Kathleen A. Simon
Financial Analyst

It is the function of the Office of Administration to direct, implement and monitor all of the Bureau's financial and personnel activities. Major administrative support units

responsible to the director are the Automated Systems Division, the Reporting and Publications Division and the Computer Support Group.

REPORTING AND PUBLICATIONS DIVISION

Edward Wichman
Director

Judie Wright
Analyst

The Reporting and Publications Division is responsible for: bureau forms control; administering and maintaining micrographics and records retention/disposal programs; monitoring travel, telecommunications, and mail/cash handling; overseeing the bureau security system, and supplies and equipment. The division also provides assistance to the Director of the Office of Administration on special projects.

Forms Control

During 1987, the Bureau continued its efforts to maintain only those public forms which most efficiently and effectively meet guidelines established by the Paperwork Reduction Act (P.A. 133 of 1982). The division assists bureau personnel in ensuring that new and revised forms have simplified instructions and a streamlined format, are clear

and understandable and use words appropriate to the respondent, comply with federal privacy laws and state confidentiality requirements, meet design standards established by the State Forms Administrator, and do not request information available from other sources.

Micrographics Program

The Micrographics Unit was established by the division as a result of the growing volume of records which must be maintained by the Bureau to carry out its regulatory responsibilities. The conversion of bureau records to microfilm has resulted in a more manageable and efficient storage and retrieval system. In addition, the microfilmed records have provided a more secure means of retaining confidential material. Duplicate copies of all microfilmed records produced by the unit are stored off

site, for optimum security, where they serve as a back-up to the Bureau's working file.

Travel Program

The division coordinates/monitors bureau travel expenditures, state vehicle assignments, American Express corporate card system, travel advances, and citizen's complaints, disseminates information to employees and assists them with travel inquiries and problems. It encourages employees to share rides, obtain the lowest available airfare and reduce travel expense in other ways.

Various statistical reports are produced by the division for the

Legislature and for bureau management. Computer programs are being developed to eliminate manual record keeping tasks and to prepare reports more expeditiously.

Telecommunications

Michigan Department of Management and Budget has now taken responsibility for state government's telecommunications system from the Michigan Bell Telephone Company and AT&T. The Reporting and Publications Division has been kept busy training bureau personnel on use of the new system, making changes and refining the system so that it gives the best possible service to all personnel.

AUTOMATED SYSTEMS DIVISION

Paul Tautkus
Director

Terry Hassell
ADP Examiner

David Cottrill
ADP Examiner

Patricia Marson
ADP Examiner

The responsibility of the Automated Systems Division is to evaluate the security and controls within data processing operations serving all financial institutions, whether these operations are internal to the institution or holding company or are provided by an independent corporation.

Computer Center Evaluations

The purpose of an evaluation is to apprise a financial institution's management of areas in the data processing operation where exposure exists which could lead to incorrect, interrupted or discontinued processing. This evaluation does not ascertain the validity of system design, programming or information on file. The Federal Financial Institutions Examination Council's EDP Examination Handbook is used as a guide for the evaluation. Areas reviewed during the evaluation include:

- Planning and organization
- Audit (internal and external)

- Programming procedures and controls
- Computer operations, including input and output controls
- Teller activity and controls
- Wire transfer, automated teller and credit cards
- Microcomputer usage

The division will continue to devote its resources to the evaluation program in 1988, with additional emphasis on follow-up visitations to ensure corrective action is being taken.

Scheduling of evaluations will continue to be coordinated with the Federal Deposit Insurance Corporation, Federal Reserve System, National Credit Union Administration and the Bureau's other divisions. The Automated Systems Division alternates its evaluations of data centers, or performs evaluations jointly, with the federal regulatory agencies. This eliminates duplicate evaluations by the Bureau and federal agencies.

COMPUTER SUPPORT GROUP

Daniel C. Tsai
Coordinator

Leigh Scherzer
Examiner

Kathleen Bay
Examiner

Paul Wei
Data Systems Specialist

The Computer Support Group is responsible for developing and implementing the Bureau's microcomputer program, and for coordinating with the departmental data center to develop, implement and maintain the Bureau's data processing systems.

The group, which was established in 1985, has the following responsibilities:

Development and maintenance of microcomputer-based systems and applications; providing software and hardware support to Bureau users for microcomputers and the business presentation system; development and implementation of microcomputer training for office personnel and field examiners; research and development of microcomputer applications for on site examinations, off site monitoring, pre-examination analysis and financial modeling and projections; and purchase of microcomputer software, hardware and supplies for the Bureau's users.

By year end 1987, the Bureau had 26 desktop microcomputers for the central office and 21 portable micros for the field examiners. The Bureau plans to purchase, in 1988, an additional four portable micros for field examiners.

In 1987, the group completed the following major computer systems or projects:

Bank & Trust examination report templates to facilitate the typing of reports of examination; Consumer Finance Motor Vehicle License Renewal System to expedite the license renewal process for auto dealers; Money Order Claim System to process consumers' claims resulting from the Grand Money Order Company's liquidation; Travel Expense Monitoring System to facilitate the processing of travel expense vouchers; and a formal in-house computer training program to expedite training in MS-DOS, MultiMate Advantage word processing and Lotus 1-2-3 spreadsheet.

OFFICE PERSONNEL

EUGENE W. KUTHY.....	COMMISSIONER
Olga Lozano.....	Assistant to the Commissioner
Kathie Bennett.....	Executive Secretary
Stanley Fedewa.....	Special Assistant to the Commissioner
RUSSELL S. KROPSCHOT.....	Chief Deputy Commissioner
Diana Burns.....	Executive Secretary
Michelle Piggott.....	Secretary
Sarah Dombrowski.....	Secretary
Paulette Smith.....	Secretary

OFFICE OF REGULATION

GARY K. MIELOCK.....	Deputy Commissioner
Phyllis Groenewoud.....	Administrative Law Specialist
Judy Baker.....	Secretary

Bank and Trust Division

Donald Mann.....	Director
Joseph Petterson.....	Assistant Director
Stephen Trembath.....	Senior Review Examiner
Kathleen Bay.....	Examiner
Larry Snively.....	Examiner
Marian Benjamin.....	Secretary
Carol Reist.....	Secretary
Janice Jennings.....	Secretary

Credit Union Division

Michael Fitzgerald.....	Director
Tim Standfest.....	Assistant Director
William King.....	Corporate Coordinator
Nada Van De Moortel.....	Review Examiner
Debra Smith.....	Secretary
Esther Torres.....	Secretary

Corporate Regulatory Services Division

Darwyn Sanborn.....	Director
Leigh Scherzer.....	Examiner
Steven Cutshaw.....	Corporate Analyst
Allan Huber.....	Corporate Specialist
Sandra Slee.....	Corporate Analyst
Linda Hansen.....	Corporate Specialist
Patricia Welling.....	Secretary
Linda Baldwin.....	Secretary

OFFICE OF POLICY AND CONSUMER AFFAIRS

MURRAY E. BROWN.....	Deputy Commissioner
Virginia Berry.....	Secretary

Research and Urban Investment Division

Peggy Bryson.....Director
Russell LaCoursier.....Economic Analyst
Peter Kuhnmuench.....Policy Analyst
Marcia Miller.....Policy Analyst
Marian Kummerl.....Program Specialist
June Clark.....Secretary

Consumer Finance Division

John Drury.....Director
Debra Tunks.....Secretary
Ethel Caudill.....Secretary

OFFICE OF ADMINISTRATION

Phillip F. Rooney.....Director
Kathleen Simon.....Financial Analyst
Sonya W. Dungey.....Administrative Analyst
Diana Burns.....Executive Secretary

Reporting and Publications Division

Edward Wichman.....Director
Judie Wright.....Analyst
Joseph Barberio.....Facilities Manager
Bertha Laskaris.....Secretary
Mary Koslars.....Revenue Clerk
Patricia Thelen.....Microfilm Supervisor
Stanley Pollitt.....Mail Room Clerk

Automated Systems Division

Paul Tautkus.....Director
Cecilia Dungey.....Secretary

Computer Support Group

Daniel Tsai.....Coordinator
Paul Wei.....Microcomputer Specialist

APPENDIX

STATE OF MICHIGAN

DEPARTMENT OF COMMERCE

FINANCIAL INSTITUTIONS BUREAU

IN RE: Request by Banc One Financial Services, Inc., for a declaratory ruling on whether a licensee under Act No. 21 of the Public Acts of 1939 is permitted to make a loan that is consummated through the United States Mail.

DECISION

Statement of Facts

Banc One Financial Services, Inc. (hereinafter, BOFS) is a licensee under Act No. 21 of the Public Acts of 1939, also known as the Regulatory Loan Act of 1963 (hereinafter, Act), and has one licensed office located in Dowagiac, Michigan. BOFS contemplates making loans by mail whereby it would solicit loans by mail or by other means and the loan transactions would be consummated by mail, without the borrowers physically travelling to the licensee's licensed location. The solicitation may include some or all of the following: a description of the terms and conditions under which the loan is offered, the loan application, applications for other services such as insurance permitted under the Act, and the note evidencing the loan. The borrower would complete the application, execute the note, and return them to the licensee. The loan would be subject to the licensee's customary review of the application and would be accepted or rejected based on the licensee's customary lending practices. The transaction would be completed by the licensee accepting the note and the application and returning to the borrower the appropriate disclosures required by the Act and the Truth in Lending Act, and the check for the amount of the loan. If the application is rejected, the note would be returned to the applicant, along with disclosures regarding the denial required by state or federal law.

The question posed is as follows: Is BOFS permitted to make a loan that is consummated by mail.

On Friday, July 10, 1987, a letter from Mr. David K. Otis of the law firm Plunkett, Cooney, Rutt, Watters, Stanczyk, & Pedersen representing BOFS was received by Commissioner Eugene W. Kuthy. The letter requested a declaratory ruling on the above-captioned question.

Subsequently, in response to a request by the Commissioner for additional information, on September 9, 1987, a letter from Mr. Otis was received by the Bureau.

Statutes

The sections of law to which the above question applies are, in pertinent part, as follows:

1. Section 4 of the Act, as amended, MCL 493.4:

Sec. 4. Upon the filing of such application and the payment of such fees and the approval of such bond the commissioner shall investigate the facts and if he shall find (a) that the financial responsibility, experience, character and general fitness of the applicant, and of the members thereof if the applicant is a copartnership or association, and of the officers and directors thereof if the applicant is a corporation, are such as to command the confidence of the community and to warrant belief that the business will be operated lawfully, honestly, fairly and efficiently within the purposes of this act, and (b) that allowing such applicant to engage in business will promote the convenience and advantage of the community in which the business of the applicant is to be conducted, and (c) that the applicant has available for the operation of such business at the specified location liquid assets in the amounts specified in section 2 (the foregoing facts being conditions precedent to the issuance of a license under this act), he shall thereupon issue and deliver a license to the applicant to make loans in accordance with the provisions of this act at the location specified in the application, which license shall remain in full force and effect until it is surrendered by the licensee or revoked or suspended; if the commissioner shall not so find he shall not issue such licensee

2. Section 12(5) of the Act, as amended, MCL 493.12(5):

Sec. 12(5). A licensee shall not transact business or make a loan provided for by this act under any other name or at any other place of business within this state than that named in the license, unless it is also an office of the licensee duly licensed under this act.

3. Section 18(3) of the Act, as amended, MCL 493.18(3):

Sec. 18(3)

(3) A loan of the amount or value included within the regulatory loan ceiling for which a greater rate of interest, consideration, or charges than is permitted by this act has been charged, contracted for, or received, wherever made, shall not be enforced in this state. A person who participates in such a loan in this state shall be subject to this act. However, this restriction shall not apply to loans legally made in a state or country by a licensee under an existing regulatory loan law similar in principle to this act, except that loans made by mail to Michigan residents shall be subject to this act.

Discussion of Law

A question similar to the one posed in the instant case was the subject of litigation involving the State of Michigan (People, ex rel Attorney General v Fairfax Family Fund, Inc., 55 Mich App 305). In that case, the Attorney General brought an action in quo warranto against Fairfax Family Fund, Inc., (hereinafter, Fairfax), and Spiegel, Inc. (parent corporation of Fairfax), to enjoin the defendants, both foreign corporations, from transacting a loan by mail business with residents of Michigan without first complying with key provisions of the Act. Fairfax had been engaged exclusively in interstate commerce. The Michigan Court of Appeals held that the State of Michigan could not require Fairfax to obtain a license and to domesticate its operations by establishing one or more offices in Michigan. The State of Michigan had argued that without domestication, Fairfax would fail to meet the convenience and advantage (hereinafter, C & A) clause contained in the Act. The Court of Appeals found that the State's ability to regulate defendant's lending business did not extend to the regulation of interstate commerce, "to say nothing of limiting the use of the United States mail."

In 1969, the Financial Institutions Bureau disapproved of the loan-by-mail program of American Investment Company (AIC), a licensee under the Act. Under its program, AIC mailed unsolicited drafts to prospective borrowers who, by endorsing the draft, could cash it at a licensed office of the company. The Bureau argued that it was bad public policy to permit licensees to solicit loans by mail and that solicitation of loans by mail defeated the C & A standard set forth in Section 4 of the Act. Particularly troublesome to the Bureau was that the decision to lend the money was made by AIC before the initial solicitation (including the draft) was mailed to the prospective borrower.

In the instant case, in contrast, BOFS would mail unsolicited to a prospective borrower a loan application, the note evidencing the loan, and a description of the terms and conditions under which the loan would be offered. The borrower would complete the loan application, sign the note, and return them to the licensee. The loan application would be subject to the licensee's customary review procedures and lending practices. Thus, the applicant could not gain access to the loan unless and until BOFS approved the application. As part of the approval process, BOFS would accept the note and application and return to the

borrower disclosures required by law and a check for the amount of the loan. It is especially significant that, as proposed by BOFS, the decision to lend money would be made after receipt of a completed loan application and the loan proceeds would be mailed only upon approval of the application. As described, the loan-by-mail program of BOFS does not raise the same concerns that were raised by the AIC loan-by-mail program. The Bureau's concern about the public policy implications of that program was attributable to the fact that the initial mail solicitation contained an unsolicited draft and that the decision to lend was made before a review of the borrower's creditworthiness.

The instant case is also distinguishable from the Fairfax case since BOFS is a licensee under the Act domiciled in Michigan which contemplates making loans by mail to Michigan residents from its office in Michigan. BOFS argues that the Act permits the type of loan transaction contemplated because first, there is no provision in the Act that directly prohibits loans by mail; second, Section 18 of the Act permits certain loans by mail; and third, Sections 4 and 12(5) which heretofore have been informally construed to prohibit loans by mail should not be so construed.

In support of the first point, BOFS argues that the absence of an explicit ban on a loan made by mail, in the context of a pervasive regulatory scheme, evinces an intent not to prohibit such transactions. If the Legislature intended to prohibit loans by mail, BOFS believes that it would have explicitly prohibited such transactions.

Concerning the second point, BOFS states that under Section 18, loans legally made in a state or country by a licensee under a regulatory loan law similar to the Act is exempted from certain enforceability provisions of the Act, except that loans made by mail to Michigan residents are subject to the Act. BOFS argues that if a foreign lender, not subject to Michigan law or regulation, may make loans by mail to Michigan residents, it would be unreasonable to bar lenders licensed under the Act from making such loans.

Concerning the C & A standard imposed as a condition of licensure by Section 4, BOFS argues that the large decline in the number of licensees has made the community to be served by the licensee less meaningful and difficult or impossible to ascertain. It contends further that a loan by mail having its predominant contact with the licensee's place of business does not violate Section 12(5), that prohibits a licensee from making loans at any other place of business within the state than the one named in the license. Even if it were determined that a loan by mail is made at the borrower's residence, the loan is not made at "any other place of business" since the borrower's residence is not a place of business.

Conclusion

To respond to the question asked by BOFS requires a determination of whether a small loan licensee which contemplates making loans by mail to Michigan residents would meet the C & A standard of the Act. Alternatively, is making loans by mail necessarily incompatible with, or does it preclude satisfaction of, the C & A standard?

Historically, the C & A clause has had two opposing purposes. On the one hand, it has been applied to prevent destructive or ruinous

competition among licensed small loan lenders. To this end, it has been argued that adherence to the C & A licensing philosophy would" encourage the growth of the size of loan offices to attain economies of scale" [Source: Consumer Credit in the United States, Report of the National Commission on Consumer Finance, December 1972, p. 114]. Preventing destructive competition, it has been argued, would help to avoid overly aggressive lending by licensees brought on by the desire to build higher loan volumes. A lender which was aggressively marketing its loans, it was feared, could promote over-indebtedness by consumers. The Bureau traditionally has argued that the C & A clause would serve to prevent unrestricted licensing of small loan companies in order to avoid destructive competition. On the other hand, it also was recognized that promoting the C & A clause would improve service to the community.

Because of its past interpretation of the C & A clause, the Bureau has taken the position that a lender (whether a licensee or foreign company licensed to do business in another state) could not make small loans by mail to Michigan residents. The basis for this position was that Section 4 of the Act required that the applicant's business promote the convenience and advantage of the community in which the business was to be conducted. The Bureau argued that allowing loans by mail would break the community service concept. Loans by mail, it was argued, if practiced by all licensees could cause certain areas to become flooded by unsolicited loans by mail which, when added to the business of local companies, might cause many companies to lose their financial responsibility.

Under ordinary circumstances, to resolve the competing goals of the C & A clause would appear to require a careful balancing of the two objectives. Under the circumstances present in 1987, to meaningfully apply the C & A clause requires the Bureau to balance these objectives in the context of the existing conditions in the market for consumer credit, in general, and in the small loan segment of the consumer credit market, in particular. Certainly, there is scant evidence to indicate that competition among licensed loan companies has been or threatens to become destructive. While the number of licensees fell from 691 in 1968 to 66, as of July 22, 1987, the large decline was not due to destructive intra-industry competition. During this period, retailers, automobile dealers, community credit unions, and other depository financial institutions likely made competitive inroads into the small loan segment of the consumer credit market. It should also be pointed out that over the same period, finance companies in other states did not experience declines as drastic as those in Michigan which suggests that in Michigan, other factors may have played a role.

The Bureau believes that a licensee which contemplates making loans by mail only to persons residing in its community, however defined, would not necessarily fail to meet the C & A standard of the Act, merely because it made loans by mail. As noted above, BOFS asserts that the large decline in the number of licensees in Michigan has made the "community less meaningful and difficult or impossible to ascertain." The Bureau agrees that the community is more difficult to determine and believes that today it makes less sense to define community as a local, geographically confined area than it did 15 years ago. At a time when the overwhelming majority of cities, villages, and townships no longer have licensed offices, it has become increasingly difficult to accept a definition of community that is locally confined.

Consumers are far more mobile today and often live, work, and shop in different cities. With this increased mobility, the area which a typical licensed office can serve has grown dramatically.

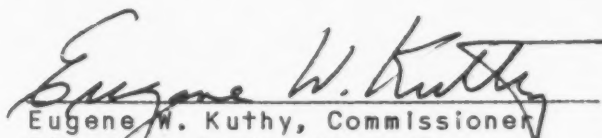
In analyzing the question posed by BOFS in meeting the two objectives of the C & A clause, the Bureau believes that allowing a licensee to make loans by mail to serve a community that is larger than the traditional local area is justified. The Bureau feels that permitting BOFS to make loans by mail will not result in destructive competition. After all, the vast majority of cities, villages, and townships formerly served by one or more competing licensees no longer have any licensed lenders. As alluded to above, subsumed in the avoidance of destructive competition goal is the expansion of the number of accounts served by each licensed office. The Bureau believes that permitting BOFS to make loans by mail to consumers in an expanded community could enable it to serve areas of the state not now served by any licensed lender without resulting in destructive competition; i.e., both objectives of the C & A standard would be met.

It is important to note that, in general, lenders increasingly have come to rely heavily on the use of the mails. For example, it is common today for banks, other depository institutions, and credit card companies to mail to consumers unsolicited applications for credit cards. In some cases, lenders are offering, through the mail, home equity lines of credit. Some lenders mail unsolicited pre-approved offers for credit cards with a specific line of credit and which contains an acceptance form that the consumer need only sign and return to the lender. In other cases, banks and credit card companies mail similar unsolicited pre-approved offers subject to a requirement that the lender verify that the consumer meets its credit underwriting standards such as minimum annual income and length of time on the job.

That the Bureau is reversing its longstanding position deserves comment. Re-examination and reconsideration are among the normal process of intelligent thinking and decision-making. Every tribunal, judicial or administrative, has power to appropriately modify its judgments, decrees, or orders. 2 Davis, Administrative Law Treatise, 18.09, p. 606. Agencies, no less than courts, are entitled to reconsider and reverse their policies and views in light of further experience when rationally and fairly based. Distrigas of Massachusetts v. Federal Power Commission, 517 F.2d 761, 765 (CA 1 1975). In Permian Basin Area Rate Cases, 390 US 747, 784; 20 L. Ed. 312, 346; 88 S. Ct. 1344, 1369 (1968), the Court, in addressing the Federal Power Commission's orders pertaining to maximum rates for sales in interstate commerce of natural gas, asserted that "... administrative authorities must be permitted, consistently with the obligations of due process, to adapt rules and policies to demands of changing circumstances . . ."

The Bureau must give weight to BOFS's argument that if a foreign lender may make loans by mail to Michigan residents, then a licensee under the Act also should be permitted to make such loans. Nowhere does the Act expressly prohibit a licensee from making loans by mail. Nor does the Act expressly authorize a licensee to make loans by mail. The Bureau believes that something so fundamental as the use of the mail should be available to a licensee in the conduct of its business absent an express prohibition. It would appear that the mail is merely a medium through which a licensee can conduct its business. In this respect, use of the mail is incidental to the underlying business of making loans.

In response to the question posed by BOFS, it is concluded that a licensee may make loans by mail to residents of its community provided that the licensee complies with all applicable provisions of the Act.


Eugene W. Kuthy, Commissioner
Financial Institutions Bureau
Department of Commerce

DATE:

10-23-87

STATE OF MICHIGAN
DEPARTMENT OF COMMERCE
FINANCIAL INSTITUTIONS BUREAU

IN RE: REQUEST BY MICHIGAN SERVICES CREDIT UNION AND
THE MICHIGAN CREDIT UNION LEAGUE FOR A DECLARATORY
RULING THAT A CREDIT UNION MAY INVEST IN OR CONTINUE
AN INVESTMENT IN A SERVICE ORGANIZATION ENGAGED IN
ACTIVITIES APPROVED BY THE COMMISSIONER UNDER THE LAW
AS IT EXISTED PRIOR TO 1986 P.A. 278.

DECISION

Statement of Facts

Michigan Services Credit Union (Credit Union) is a Michigan state-chartered credit union; the Michigan Credit Union League (League) is a voluntary trade association having Michigan state-chartered credit unions among its members. The Credit Union and some League members invest in service organizations which engage in certain activities for and provide services to credit unions. The Commissioner has approved several such investments in response to applications made by credit unions pursuant to the Michigan Credit Union Act of 1925, as amended (1925 Act). The 1925 Act gave a credit union the power:

"To invest, with the approval of the commissioner, an aggregate amount not to exceed 5% of its capital in the shares, stocks, or obligations of an organization, corporation, or association whose principal purpose is to service or otherwise assist credit unions in the performance of the powers granted to them under this act."

The legislature amended the Act in 1986 P.A. 278 (1986 Amendment). The 1986 Amendment, effective on December 19, 1986, grants a credit union the power to:

"In addition to loan and investment powers otherwise authorized by this act, organize, invest in, and make loans to corporations or other organizations which engage in activities incidental to the conduct of a credit union or in activities which further or facilitate the purposes of a credit union, or which furnish services to credit unions. The commissioner shall determine by rule or order the activities and services which fall within the meaning of this subdivision. A credit union shall notify the commissioner of any such investment or loan that would cause the aggregate of such investments and loans to exceed 2% of the credit union's shares, deposits, undivided earnings, and reserves. Investments and loans described in this subdivision shall not, in the aggregate, exceed 5% of the shares, deposits, undivided earnings and reserves of the credit union. A credit union may not invest in or make loans to a

1 We will use the term "investment" to include both equity investments and loans.

corporation or other organization pursuant to this subsection unless the corporation or other organization agrees in writing to allow the commissioner to conduct an examination of the corporation or other organization to the same extent that the commissioner is authorized to examine credit unions and agrees in writing to make such reports to the commissioner as the commissioner may require from time to time." MCL 490.4(2)(gg).

In the request for a declaratory ruling, the Credit Union and League state that credit unions have been permitted, under the 1925 Act, to invest in service organizations providing the following twelve services:

1. Data processing services, including:
 - a. Share draft processing
 - b. Credit card processing
 - c. Other processing of credit union documentation
2. Microfilming services
3. Printing services, such as printing forms, applications, business cards, etc.
4. Service center functions
5. Financial planning services, including the development and administration of individual retirement accounts and Keogh accounts
6. Functioning as a data processing financing conduit
7. Owning real estate
8. Automated teller machine services
9. Collection activities
10. Arranging discount automobile purchases
11. Finding regular and temporary employees
12. Services used in connection with real estate loan activities, such as appraisals, closings, etc.

The Credit Union and League request that the Commissioner rule that a credit union may invest in or continue its investment in service organizations providing those services after December 19, 1986, the effective date of 1986 P.A. 278.

Discussion

A comparison of the 1925 Act and the 1986 Amendment shows that the legislature has broadened the power of a credit union to invest in service organizations. Under the 1925 Act, permissible activities for service organizations were those which a credit union could do directly. The 1986 Amendment allows investments in organizations which further a credit union's purposes, engage in activities incidental to the credit union's conduct, or which furnish services to credit unions. Because the 1986 Amendment allows investment in an organization which provides a service to credit unions and does not require a credit union to have the authority to itself engage in the activity, it follows that any activity which met the more narrow requirements of the 1925 Act would fall within the meaning of the 1986 Amendment. Accordingly, any investment which was approved upon the application of an individual credit union under the 1925 Act would constitute a legal investment for any credit union after December 19, 1986.

The Bureau's records do not agree with the Credit Union and League as to which investments were approved by the Commissioner under the 1925 Act.

According to Bureau records, the following activities listed by the Credit Union and League have not yet been approved:

- printing services, such as printing forms, applications, business cards, etc.
- collection activities
- arranging discount automobile purchases
- finding regular and temporary employees

Additionally, item 7 on the Credit Union and League's list, "owning real estate," was an approved activity under the 1925 Act, but under different authority than that for service organizations. The 1986 Amendment specifically states that the legality of investments in corporations owning land and buildings made before the effective date of the Amendment are not affected by the Amendment. The 1986 Amendment also authorizes credit unions to invest in corporations owning land and buildings. See MCL 490.4(2)(hh) and MCL 490.4(2)(ii). Again the statutory authority to invest in corporations owning land and buildings is different from that authorizing investments in service organizations. MCL 490.4(2)(hh) and MCL 490.4(2)(ii) should be consulted for the requirements which apply to investments made after December 19, 1986 in corporations owning land and buildings.

The Commissioner has previously approved the other activities or services listed by the Credit Union and League. Such approval permitted those activities or services to be provided only to or for credit unions and their members, and not other financial institutions or the general public. A credit union may continue its investment in, or make a new investment in, a service organization engaged in a previously approved activity. A new investment after December 19, 1986 shall be made in compliance with the 1986 Amendment, as discussed below.

While the above discussion answers the specific question asked by the Credit Union and League, the Bureau notes that the 1986 Amendment gives rise to additional questions.

First, when the Legislature broadened a credit union's power as to the kinds of organizations in which it may invest, the Amendment to the statute also created some new requirements for a credit union which invests in or loans to a service organization. The 1986 Amendment requires credit unions to:

- notify the Commissioner of any investment or loan which would cause the aggregate of investments and loans in or to service organizations to exceed 2% of the credit union's shares, deposits, undivided earnings, and reserves;
- limit aggregate investments and loans to service organizations to 5% of the credit union's shares, deposits, undivided earnings, and reserves; and
- invest in or loan to only those service organizations which have signed a written agreement allowing the Commissioner to examine the organization and agreeing to provide written reports upon the Commissioner's request.

Therefore, the question arises: Under what circumstances will a credit union be required to comply with those requirements? The rule of statutory construction to be applied was stated in Wade v Farrell, 270 Mich 562,567 (1935):

"When a statute continues a former statute law, that law common to both acts dates from its first adoption, and only such provisions of the old act as are left out of the new one are gone, and only new provisions are new laws. Where an Act is amended 'so as to read as follows' the part of the original act which remains unchanged is considered as having continued in force as the law from the time of its original enactment and the new portion as having become the law only at the time of the amendments." 25 R.C.L. 907.

Applying that rule, an investment approved under the 1925 Act may continue without complying with the 1986 Amendment so long as the investment remains unchanged. But, any renewal of a loan or investment which existed on December 19, 1986 or any new loan or investment made after December 19, 1986 must be made under the authority of the 1986 Amendment and, therefore, must comply with the requirements created by the 1986 Amendment.

Second, the 1986 Amendment does not require the Commissioner's approval of each investment, as was required by the 1925 Act. Rather, the Commissioner must determine by rule or order whether the activities or services fall within the meaning of the 1986 Amendment, MCL 490.4(2)(gg). The Commissioner intends to promulgate a rule listing those activities permitted under the 1986 Amendment. Until that rule is promulgated, the determination shall be made by order on a case-by-case basis, and pursuant to an application or request. A credit union desiring to invest in or loan to a service organization engaged in an activity or providing a service which was not approved under the 1925 Act may seek an order determining that the activity or service falls within the meaning of MCL 490.4(2)(gg). The Commissioner will consider only those applications for an order which are in writing. The application shall specifically describe the service organization's proposed activity or service, and shall provide adequate support for the applicant's contention that the activity or service falls within the meaning of MCL 490.4(2)(gg). If an order is issued declaring a particular service or activity does fall within the meaning of the 1986 Amendment, MCL 490.4(2)(gg), credit unions other than the credit union requesting the order may also use the authority of the order to invest in service organizations which engage in that activity or provide that service.

Conclusion

The 1986 Amendment has affected a credit union's power to invest in a service organization in three ways:

1. Any credit union may continue its investment in, or make a new investment in, a service organization engaged in an activity or

providing a service which had been approved by the Commissioner under the 1925 Act. No application is required for a new investment in a service organization engaged in a previously approved activity or providing a previously approved service.

2. Any renewal of an existing investment or any new investment, after December 19, 1986, in a service organization engaged in a previously approved activity or providing a previously approved service will require the credit union to comply with the requirements of the 1986 Amendment.
3. Until a rule is promulgated, a credit union desiring to invest in a service organization which will engage in an activity or provide a service which has not been approved under the 1925 Act or the 1986 Amendment shall apply for an order determining that the proposed activity or service falls within the meaning of MCL 490.4(2)(gg).

Such application shall be in writing, shall specifically describe the proposed activity or service, and shall provide adequate support for the applicant's contention that the activity or service falls within the meaning of MCL 490.4(2)(gg).


Eugene W. Kuthy, Commissioner
Financial Institutions Bureau
Department of Commerce

Date: 01-30-87

July 23, 1987

To Chief Executive Officer
of the Bank Addressed:

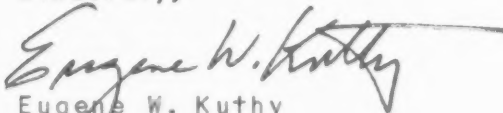
Subject: Paying Interest on the "Investable balance" of deposited funds

In recent weeks, it has been reported that some banks have begun paying interest on the "Investable" or "reserve-adjusted" balance on certain types of deposits, i.e., on the amount of the deposit less the amount of the reserve requirement. This practice explicitly recognizes that an institution must maintain a cash or a non-interest earning reserve against transaction accounts and certain savings accounts and appears to be an outgrowth of the deregulation of interest rate ceilings on deposits.

The Bureau is concerned when a bank fails to inform its customers it is paying interest on the investable balance or fails to state the rate of interest paid on the deposit as an effective rate of return. Such an institution would be misleading its customers and would be overstating the effective rate of return paid on the deposit. This would make comparison shopping difficult, if not impossible. The practice also may violate the Consumer Protection Act. It could even be argued that such an institution would be engaging in an unfair competitive practice.

The Bureau recommends that an institution which elects to pay interest on less than the full amount of funds deposited should disclose the fact to affected customers and state the rate of interest as an effective rate of return which reflects the dollar amount of interest paid as a per cent of the entire amount of funds deposited by the customer. This will help to facilitate comparison shopping by customers and to avoid what could be perceived as unfair competitive practices or even violations of law.

Sincerely,



Eugene W. Kuthy
Commissioner

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